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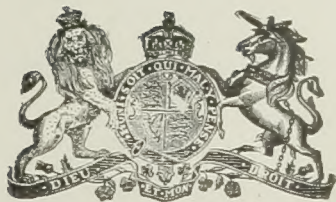








APPENDIX  
TO THE  
FORTY-THIRD VOLUME  
OF THE  
JOURNALS OF THE HOUSE OF COMMONS  
DOMINION OF CANADA  
SESSION 1907-8  
PART I



OTTAWA  
PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY  
1911





## LIST OF APPENDICES, 1907-08

### PART I.

No. 1.—Report of the Select Standing Committee on Public Accounts, as follows:—

Payments to E. A. Wallberg; Kenneth Falconer; Relating to payments in connection with Timber Agencies at Edmonton and Calgary; Respecting a payment of \$1,175 by C. F. Caldwell in connection with the purchase of, or applications to purchase Mining or Surface rights; Relating to a payment of \$74,362 to L. S. Macoun; Respecting payments aggregating \$235,272.61, Transcontinental Railway, District 'F,' Terminal and Right of Way; Respecting payments amounting to \$10,956.10 to H. E. Vautelet for services on St. Andrews Rapids Dam, Red River; Relating to a payment of \$4,000 to H. N. Cockburn *re* purchase price of Tug *Catherine C.*; Respecting a payment of \$6,960.92 to the St. John *Sun* for Printing and Lithography; Relating to purchase of 200 Sub-Target guns from the Ontario Sub-Target Gun Company; Relating to a payment of \$10 by the British American Fish Corporation and \$10 by Archibald McNee for Fishing Leases; Relating to a payment of \$3,250 to Messrs. John Birnie and J. J. Noble *re* Georgian Bay Fishery Commission; Relating to a payment of \$210,253.66 to A. F. Bowman; Relating to Souris Fish Drier; Relating to a payment of \$10,021.90 to the Office Specialty Company; Relating to a payment of \$1,077.25 to assistant's in Mr. Riopelle's office; Relating to payments in connection with Str. *Speedy*; *Re* Receipt of \$12,120 from E. Dussault & Co., in connection with services of Dredge *Progress*; Relating to a payment to Lymburner Limited; Relating to payment to Rothwell, Johnson & Stubbs.

(Printed.)

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No. 4.—Report of Select Committee on Bill No. 12, An Act to amend the Canada Shipping Act, recommending certain amendments. *See Journals for Reports of Committee thereon; also Votes and Proceedings, pp. 479, 508, 1155.*  
(*Not printed.*)

No. 5.—Report of Special Committee to investigate Major Hodgins' Charges, regarding over-classification of materials in the construction of the National Transcontinental Railway. *See Journals of the House; also Votes and Proceedings, pp. 999, 1216-1218, 1307, 1310, 1311.*  
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No. 6.—Report of Select Committee to investigate the conditions and guarantees under which the Government paid moneys to the Quebec Bridge Company. *See Journals of the House; also Votes and Proceedings, pp. 1443, 1446-1450.*  
(*Printed in Part II.*)

# REPORTS

OF THE

# PUBLIC ACCOUNTS COMMITTEE

PART I.

SESSION 1907-8

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1909





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# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO

# SUNDRY PAYMENTS TO E. A. WALLBERG

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$11,149.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautlet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.



OTTAWA, February 7, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of \$31,842.55 to E. A. Wallberg in connection with five locomotive cranes as set out at W—36 of the Report of the Auditor General for the fiscal year ended June 30, 1906.

Mr. M. J. BUTLER, called and sworn, and examined.

*By Mr. Boyce :*

Q. You are the Deputy Minister of Railways and Canals ?—A. Yes.

Q. How long have you been in that office ?—A. Since two years, I think.

Q. Since three years ?—A. No since two years completed.

Q. How long after you had assumed that office did Wallberg become a contractor for the Intercolonial Railway, E. A. Wallberg ?—A. I don't think the question will admit of an answer the way you put it.

Q. Well, how long after, or how soon after, you became Deputy Minister of Railways and Canals was Wallberg a contractor to the Intercolonial Railway ?—A. He had been supplying the railway long before I became Deputy Minister.

Q. Well, the department had been dealing with Wallberg before you were appointed Deputy Minister ?—A. Yes.

Q. You have known Wallberg for some time, I understand ?—A. I have known him perhaps for two or three years. I think I got first acquainted with him in connection with the Locomotive and Machine Company in Montreal ; he was a supply man.

Q. Was he connected with that company ?—A. No, not at that time.

Q. What was Wallberg's occupation ?—A. He is a civil engineer ; he has an office in Montreal and he is connected with a great many machine, tool and supply houses.

Q. In what way is he connected with them ?—A. As their agent.

Q. And are these machine, tool and supply houses in Canada ? Is Mr. Wallberg an agent for sale by commission ?—A. Yes.

Q. Where an order is given to him he sends that order to the house, the house fills it, and he gets his commission ?—A. And sometimes he does a portion of the work for them—the erection and other things of that kind.

Q. It naturally follows that the purchaser in Canada would get the price that the house in the United States supplied the article at to Mr. Wallberg and Mr. Wallberg would have his commission paid by the house ?—A. Yes.

Q. Did Mr. Wallberg occupy any other position, to your knowledge, than as a civil engineer and agent for machine, tool and supply houses ?—A. None that I have ever known until recent years. As he got better off he has gone into contracting.

Q. So that was his position at the time you became acquainted with him ?—A. Yes.

Q. Early in January, 1906, you had under consideration, I believe, the installation of a coal hoisting plant at Lévis ?—A. Yes.

Mr. BOYCE.—I am referring now to an item at page W—36 of the Auditor General's Report.



7-8 EDWARD VII., A. 1908

Hon. Mr. PUGSLEY.—In what year?

Mr. BOYCE.—1906.

Q. Early in January, 1906, you had under consideration, then, Mr. Butler, the necessity for the construction of a hoisting plant?—A. I might better explain that by saying that after I entered the department I began to study the manner in which the coal supply of the road was handled, and for a considerable time I had been looking into the methods of handling coal all over the system, and the Lévis problem came in this way: that we were hauling our coal from Nova Scotia all the way and using up our own rolling stock with our own coal, and I thought that if we could bring it by boat to Lévis and avoid the long car haul we would save a considerable sum of money. I believed we could save probably \$300,000 or \$400,000 a year, and I think that has been borne out.

Q. Then in connection with the hoisting plant you found it necessary to get certain cranes?—A. That was the final conclusion after having exhausted several other methods of looking into the question.

Q. You had some correspondence with your chief engineer at Moncton?—A. Yes.

Q. Who was he?—A. The chief engineer is Mr. Mackenzie, and the superintendent of motive power is Mr. Joughins.

Q. Who is Mr. Harrington?—A. He was the chief engineer of the Locomotive and Machine Company of Montreal who also submitted a design, but his plan was too expensive.

Q. As a result of the correspondence and the conferences you had with your engineer?—A. We decided to buy.

Q. Decided to buy what?—A. Locomotive coaling cranes.

Q. How many did you decide to buy?—A. Five, I think it was.

Q. Did you make any inquiry as to where would be the most likely place to purchase them?—A. Yes. I am familiar with the class of machinery myself and I knew there were only three places on the continent that you could get them at, or four at the most.

Q. Where are those places?—A. In the United States. One is the Browning Engineering Company, another the McMuyler Company, another the Industrial Works at Bay City, and a fourth one, Mr. Jones found for me through a Montreal firm, Watson, Jack & Company, from whom we secured a tender.

Q. You knew these places at the time that you decided it was necessary to get the cranes?—A. Yes.

Q. You knew you could not get the cranes in Canada because they are not manufactured here?—A. All those companies had agents here.

Q. With whom did you communicate in asking for prices?—A. I know in the first instance and before the formal inquiry went out I saw the agent of the Browning Company in Montreal.

Q. Before the formal inquiry went out you saw the agent of the Browning Company in Montreal? And who is the agent of the Browning Company?—A. I have forgotten his name; he is a German. He came from the house as travelling agent of that company, and his answer to me at the time was that they were not in a position to quote for any Canadian business. Subsequently I learned, through Mr. Wallberg, that owing to the failure of one of their customers to take a supply, they could supply the five cranes.

Q. You subsequently had conversation with Mr. Wallberg?—A. Yes.

Q. Where did that conversation take place?—A. I don't know.

Q. Probably in Montreal?—A. Probably in Montreal.

Q. And it was at that conversation that you learned that Wallberg's firm, the Browning Company?—A. That they were in a position to supply five.

Q. Then did you tell Mr. Wallberg that you would require five for Lévis?—A. I presume so; I would not like to say.

Q. Did you write to any other firms or their agents?—A. Yes, we wrote to them all.

## APPENDIX No. 1

Q. Can you recollect who the agents were?—A. Mussen and Company, of Montreal.

Q. Yes?—A. Hopkins.

Q. Who did Mussen and Company represent?—A. I think they represented the McMuyler Company, if I am not mistaken.

Q. Yes?—A. And Hopkins represented the Industrial Works of Bay City, I think.

Q. Mussen represented the McMuyler Company, Hopkins the Industrial Works, and Wallberg?—A. The Browning Company.

Q. And Watson, Jack and Company the Interstate?—A. Well, really the Interstate is the one I didn't remember. Naturally it became known that we were making such an inquiry and we were asked to give them the opportunity of submitting prices.

Q. In making a purchase, if you bought five cranes you would expect to get them for a little less than you could obtain one for?—A. Yes.

Q. And you would naturally expect that the government would get the benefit of the reduction?—A. Yes, and I think they did, too.

Q. You asked these gentlemen, as representatives of their several houses, for quotations?—A. On a certain specification which was sent out.

Q. Before this had taken place, before you actually asked other houses or the representatives of other houses than the Browning house you had some correspondence with Mr. Wallberg?—A. I do not remember, not about that matter, I think.

Q. Well, I can refer you to your letter shortly?—A. Yes.

Q. I do not want to take up the time of the committee reading it, but there is a letter here dated January 29, 1906, 'Coal handling appliances for I.C.R.,' would that be in connection with this matter?—A. I think that would have no connection with what we were proposing.

Q. It is not the same matter?—A. Another matter.

Q. Then I see on January 31, 1906, the letter is unsigned, I think—A. I have not read any of this correspondence.

Q. That would be your letter, or the letter of the department?—A. That would be my letter enclosing a blue print of another plant, because we were studying at that time the putting in of a much more elaborate appliance.

Q. On January 31, 1906, you wrote Mr. Wallberg as follows:—

'DEAR MR. WALLBERG,—I enclose you a blue print copy of the Princess pier at Lévis, where we will require to receive the coal; and which you can use for your study. Kindly show this to Mr. Harrington.'

A. Mr. Harrington and Mr. Wallberg were working together on a different matter, but it was so expensive we could not entertain it.

Q. That was not in connection with these cranes at all?—A. No, it was a much more expensive matter, similar to what the Dominion Coal Company was using in Montreal.

Q. Then you had, on March 19, 1906, you had another proposition, from Mr. Wallberg? I would ask you, on looking over the letter, whether that refers to these cranes?—A. Well, it does and it does not. It is proposing a whole lot of things we did not entertain. I may explain that in this way: I told him that the proposition which Mr. Harrington and Mr. Wallberg had submitted was altogether out of our reach; we were not handling a sufficient quantity of coal at Lévis to warrant us in its acceptance. Then they made a counter proposition which they thought would be more economical, and that was rejected also.

Q. Can we put it this way, that this proposition contained in the letter to you of March 19, 1906, while referring to the question of the delivery of locomotive cranes involved such a proposition that the department could not accept it?—A. Yes.

Q. It was altogether too expensive and elaborate?—A. Too many things.

Q. Can we say further that it was not such a proposition as the department contemplated at all with reference to a coal-handling plant?—A. Yes.

7-8 EDWARD VII., A. 1908

Q. Had you, at that time, any correspondence with the representatives of any other houses?—A. I think not; not till we asked for formal tenders.

Q. Then on the 24th March, 1906, you wrote to Mr. Hopkins?—A. That was probably the inquiry then.

Q. And you wrote to Mussen?—A. Yes, that is when the inquiry went out.

Q. The letters of the 24th March, 1906, to Mr. F. H. Hopkins, as representative of this American house, and to W. H. C. Mussen & Company, as representatives of their house, were invitations for competitive tenders?—A. Yes.

Q. Now, you sent a similar one to those to Mr. Wallberg, did you?—A. Yes.

Q. Of course, at that time, I do not see a copy of a similar letter to Mr. Wallberg, but Mr. Wallberg was familiar with the circumstances?—A. He was familiar with all we were trying to do.

Q. And these people had to be formally told?—A. He had that formal letter as well, so that they would all be bidding on the same proposition.

Q. Your idea was that they should all bid on the same proposition?—A. And they did.

Q. Mr. Wallberg knew that you would require the five cranes?—A. They all did.

Q. Well, I am talking about the date at a period antecedent to the 24th March, 1906, when you formally asked tenders; you wanted in that letter of 24th March to get the best prices, delivered freight and duty paid at Lévis?—A. Yes.

Q. For 'a locomotive crane for unloading coal, capacity  $3\frac{1}{2}$  tons for 40 feet radius and 15 tons for 10 feet radius, boom to be 38 to 40 feet long; to be self-propelling, and capable of handling and pushing cars.' Then again, 'the whole of this apparatus should be first-class in every particular, and capable of working continuously and rapidly, in the unloading of coal.' Did you contemplate that this should be, that these cranes should be set up and in their place?—A. By the contractor.

Q. I don't see that specified?—A. Well, it was done anyway; that is what it means.

Q. That was understood between you, and it was subject to inspection and approval in every way by your engineers?—A. Yes.

Q. Now, on the 26th March you received a letter from the F. H. Hopkins Company acknowledging receipt with thanks of yours of the 24th inst., giving specification of locomotive crane for unloading coal, and stating that they are now figuring on it, and hope to submit full specifications and prices by the end of the week?—A. Which they did.

Q. And you have a similar letter of the 27th from Mussen & Company?—A. From Mussen & Company.

Q. And then you got, on March 21, a letter, an offer of Hopkins & Company, which I would like to put in.

• Hon. Mr. PUGSLEY.—On March 31?

Mr. BOYCE.—Yes.

Hon. Mr. PUGSLEY.—That would be prior then to Mr. Butler's letter to Mussen & Company?

The CHAIRMAN.—This is dated March 31, 1906.

Mr. BOYCE.—I beg pardon, the date is March 31. This is the offer of Hopkins & Company, which I will put in.

(Document filed as Exhibit No. 1.)

'RAILWAY AND CONTRACTORS' SUPPLIES.

'M. J. BUTLER, Esq.,

'MONTREAL, March 31, 1906.

'Deputy Minister and Chief Engineer,

'Department of Railways and Canals,

'Ottawa, Ont.

'DEAR SIR,—In further reference to your favour of 24th inst., enquiring for prices on a locomotive crane for unloading coal, we herewith beg to submit you the following proposition:—



## APPENDIX No. 1

'We offer to sell to you on the terms stated below the following property,—all to be in accordance with the accompanying specification and photo prints, No. 583 and No. 584, covering standard 10-ton capacity coaling crane of latest design, and herewith attached.

'One locomotive crane, manufactured by the Industrial Works, of Bay City, Mich., capacity 15 tons at 10 foot radius, and 3½ tons at 40 foot radius, to be equipped with auxiliary drum for the operation of an orange peel or clam shell bucket, for the sum of:—

F.O.B. cars, Bay City, Mich. . . . .	\$5,250 00
Duty at 25 per cent. . . . .	1,312 50
Freight to Lévis, Que. . . . .	168 00

Making delivered price (at Lévis, Que., all charges paid). \$6,730 50

Or if delivery will be accepted at Montreal, the price will be as follows:—

F.O.B. cars, Bay City, Mich. . . . .	\$5,250 00
Duty at 25 per cent. . . . .	1,312 50
Freight to Montreal, Que. . . . .	156 00

Making delivered price (at Montreal, Que., all charges paid) . . . . . \$6,718 50

'Payment shall be made as follows:—Net cash 30 days from date of shipment.

'Time of delivery, which is the date of shipment from works, is to be 30 to 45 days from receipt by us of your acceptance of this offer, and is subject to delays occasioned by strikes, fires, or other causes beyond our reasonable control.

'The acceptance of the said property, when delivered, shall constitute a waiver of all claims for damage by reason of any delay.

'Trusting that we will be favoured with your order, which shall have our very best attention.

'Yours very truly,

'F. H. HOPKINS CO.

(Note in lead pencil.)

'No Clam Shell included.'

A. Yes, there is just one little note, in the specifications that tender did not provide for a Clam Shell Bucket.

Q. And the specification did require it?—A. Yes.

Q. I do not see any such requirement in your letter?—A. Each of the maker's specification sets out what he proposes to supply; all the others enumerated a Clam Shell Bucket except this, and there is a note on this tender, in my handwriting, 'No Clam Shell included.'

Q. Was this letter limiting this offer to one crane, do you know?—A. No, that was intended for a number of cranes, it was intended to apply to any number that was required in any case.

Q. Is this a satisfactory crane, irrespective of the question of the Clam Shell Bucket?—A. It is not so strongly or so well built as the other.

Q. You know the crane?—A. We had one in Montreal and I know it very well.

Q. So you did not think that would be a satisfactory plant—I mean in comparison with the others?—A. No.

*By Mr. Crockett:*

Q. Did you write this form asking them to submit offers?—A. I knew their machine and I wanted to compare the prices. I do this for my protection often.

Q. Although you considered it would not be satisfactory?—A. It would do fairly well, perhaps, but at the same time I always feel that I have the right to determine which is the best one to recommend.

*By Mr. Boyce :*

You felt that you would like to give them all a show?—A. Yes.

Q. So that they would not feel that they had not the opportunity of tendering?

—A. Had not the opportunity of tendering.

Q. Now, we will come to April 6. There is a letter of that date from Mussen to you. Who did you say Mussen was representing?—A. McMuyler, I think.

Q. Mussen writes (reads):

*Exhibit No. 2.*

‘W. H. C. MUSSEN & Co.

‘MONTREAL, April 6, 1906.

‘M. J. BUTLER, Esq.,

‘Deputy Minister and Chief Engineer,

‘Department of Railways and Canals,

‘Ottawa, Ont.

‘DEAR SIR,—We beg to inclose, herewith, general descriptions, plan and specifications of a locomotive crane for coal handling, filling the requirements stated in your letter to us of 24th March last.’

—A. That is the specification.

Q. That is the one I have read to you?—A. Yes.

Q. (Reads):—

‘Shipment of this machine could be made from the Works at Cleveland, Ohio, six weeks after receipt of order, and our price for the complete crane as described, delivered on cars at Lévis, Que., freight and duty paid, would be eight thousand, three hundred and eighty-eight dollars and fifty cents (\$8,388.50).

‘Thanking you for your inquiry, we remain,

‘Yours truly,

‘W. H. C. MUSSEN & CO.

‘Per W. L. SCOTT.’

A. That, of course, was the highest tender, but it is a first-class machine; I know that machine well.

Q. And that included a bucket did it?—A. Yes.

Q. And under ordinary circumstances had the price been right——?—A. It would have been given the order if the price had been lower. Between it and the offer of the Crowning Company I would not have had any choice.

Q. Now then, on April 14, 1906, you got a letter from Watson, Jack & Company, who represent ——?—A. The Interstate, I think. I don't know that machine at all.

Q. Yes, the Interstate, and they offer you as follows: (Reads):—

*(Exhibit No. 3.)*

‘DEAR SIR,—We have now much pleasure in submitting herewith tender for the locomotive crane and clamshell bucket for handling coal for the Intercolonial Railway of Canada, as follows:—

F.O.B. Lévis, in bond.. . . . .	\$7,134 00
F.O.B. Lévis, duty paid.. . . . .	8,747 00
F.O.B. Montreal, in bond.. . . . .	7,080 00
F.O.B. Montreal, duty paid.. . . . .	8,694 00

‘This would be for a crane manufactured by the Interstate Engineering Co., of Bedford, Ohio.

‘These cranes have been specially designed for use with buckets handling ore, coal, &c., which is the most severe duty known. This feature makes them especially desirable for yard duty use as well.



## APPENDIX No. 1

'We attach herewith specification giving full data of the outfit we are quoting on and trust that our tender will warrant your awarding the contract to us.

'Yours faithfully,

'WATSON, JACK & CO.'

Q. Now, that is up to April 14. Had you fixed any date for the closing of tenders?—A. No, not in these matters, because it took so much time negotiating backwards and forwards to get things fixed about right. I think these different men were in Ottawa half a dozen times, or called me over the 'phone, to get explanations in detail of just the exact service which was expected of it, because it was a severe and perhaps unusual service for the crane to be worked continuously, as I proposed to do.

Q. Then you had not any fixed time for the closing of tenders?—A. Except that we would require to have them for the opening of the season of navigation.

Q. The last reply you got then, with the exception of Wallberg's, was that of April 14?—A. What are you trying to get at? Perhaps I can cut it short and tell you what the difficulty is.

Q. If you will just wait a moment. In the meantime you were seeing Mr. Wallberg?—A. I cannot say, Mr. Boyce; I have seen a great many people.

Q. After the receipt of these tenders you saw Mr. Wallberg?—A. I could not say.

Q. Do you know that?—A. I don't know.

Q. It was not until May 16 that you got Mr. Wallberg's offer? Is that it?—A. I presume so, it is marked here. (After consulting document.) Yes, that is right.

Q. May the 16th?—A. May 16, and the date of the other one was April. If you are trying, Mr. Boyce, to establish that Mr. Wallberg was shown the other tenders, I may tell you right off that he was not.

Q. I was not suggesting any such thing?—A. If that is in your mind I want to tell you that he had no favours and no consideration whatever any more than anybody else.

Q. I was not suggesting it?—A. I am merely anticipating that that is what you mean and that that is what you think the correspondence leads up to. If that is your object I can tell you that he had no consideration and no advantage from me or any other person in the department on this or any other occasion on any matter that has been dealt with by the department.

Q. Mr. Wallberg submitted an offer to supply five Browning cranes?—A. The correspondence speaks for itself.

Q. The rest of the tenders submitted an offer for one crane?—A. No, five. The order asked for specific requirements.

Q. Well, Mr. Butler, I have put in your letter and it says but one?—A. Does not my letter say five?

Q. No, one?—A. Well, everyone of them knew there was five to be tendered for.

Q. Will you take that letter in your hand again and say whether there is any mention of five?—A. There was not a tenderer but knew we were requiring five, whether it says so or not.

Q. I have looked through the correspondence, with the exception of Wallberg's, and there is no mention of five?—A. I am telling you that I saw the representatives of these companies time and again and they knew exactly that they were bidding on five cranes.

Q. They did not bid on five cranes, as you will see?—A. Whether it is mentioned or not, they were bidding on five cranes.

Q. Wallberg's offer was undoubtedly for five cranes?—A. Yes, if it says so.

Q. And his price was \$6,380?—A. Each, I suppose he says.

Q. I presume so?—A. Yes.

Q. He does not say each, but I presume—yes, he does (reads): 'for each crane,' and that includes both the cranes fitted up as per cut on page 1 of specification, and including a bottle-jack in each corner attached to crane; also cast-iron gear and brake

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covers. The crane will be equipped with a one-tongued grab bucket with counterweights trolley; also double drum for operating same. The services of a competent man is included for superintending the assembling, adjusting, and initial operations of these cranes?—A. They all embraced the same provision for erecting and for a superintending man.

(Exhibit No. 6.)

'MONTREAL, May 16, 1906.

'M. J. BUTLER, Esq.,

'Deputy Minister, Railways and Canals,

'Ottawa, Ont.

'DEAR SIR,—I beg to quote to you for five standard Browning No. 1 steam locomotive cranes, as per specification herewith, f.o.b. Lévis, Quebec, in bond:

'The sum of \$6,380 (six thousand three hundred and eighty dollars) for each crane.

'This includes the crane fitted up as per cut on page 1 of specification, and including a bottle-jack in each corner attached to frame; also cast-iron gear and brake covers.

'The crane will be equipped with a one-ton grab bucket, with counterweight trolley; also double drum for operating same. I did not include the counterweight.

'The services of a competent man is included for superintending the assembling, adjusting, and initial operation of each crane.

'I can ship two, and probably three of these cranes by June 10 next, and the other cranes to complete order by July next.

'Yours truly,

'G. C.

'(Sgd.) E. A. WALLBERG.'

Q. That price of \$6,380 was in bond at Quebec?—A. At Lévis.

Q. If that offer had been duty paid would it have been some \$1,300 added to the price?—A. I could tell you better by seeing the invoice and adding to it the 25 per cent which the tariff calls for.

Q. Twenty-five per cent of that?—A. No, not of that.

Q. Of the invoice price?—A. Yes.

Q. Do you remember what the invoice price was?—A. I do not. You can examine Mr. Wallberg on that. It is not for me to be examined in that regard.

Q. At any rate you considered that feature of it in determining which tender should be accepted?—A. Yes.

Q. That the other tender was duty paid?—A. If you will look at my report to the minister it will explain what I considered.

Q. All right, I will put in the report?—A. That explains the whole thing—what I considered.

Q. On the 16th May had you got the Wallberg tender?—A. The tenders were all in.

Q. The tenders were all closed?—A. Yes, and I brought the matter before the minister right away.

Q. Was there a delay of a month, or two or three weeks, between the receipt of the last one that you received and that of the Wallberg tender—now on May 16 you sent a letter to the minister?—A. Making my recommendation.

Mr. BENNETT.—Did they all tender for five?

Mr. BOYCE.—The others only tendered for one.

WITNESS.—I want to say again, Mr. Bennett, that is not quite correct, notwithstanding what Mr. Boyce says.

*By Mr. Boyce:*

Q. I do not want to put words into your mouth?—A. I say that the representatives of these companies were in my office repeatedly, and they knew, every one of

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them, that they were figuring on five cranes, indeed I was looking to see whether we could not get still more, but we were limited by the amount of money available.

*By Mr. Bennett:*

Q. But, relying upon the correspondence, it would appear that they were tendering for one?—A. One man will figure at so much per crane, and even give a price for one, but they all knew they were bidding on five.

Hon. Mr. PUGSLEY.—Have you put in Mr. Butler's recommendation to the minister?

Mr. BOYCE.—It is not in yet, but I will put it in now.

*(Document filed as Exhibit No. 7.)*

‘ OTTAWA, May 16, 1906.

‘ DEAR MR. EMMERSON,—Herewith, summary of tenders I have received for locomotive cranes, for handling coal at Lévis.

‘ Watson, Jack & Co., crane made by Interstate Engineering Co., price \$8,747, at Lévis, \$7,134 in bond at Lévis, radius of arm 35 feet, capacity one ton coal bucket.

‘ W. H. C. Mussen & Co., McMuyler crane, price, freight and duty paid at Lévis, \$8,388.50, one ton coal bucket; radius of arm 35 feet; delivery six weeks after receipt of order.

‘ F. W. Hopkins & Co., crane made by Industrial Works, Bay City, Mich., price, \$6,730.50, all charges paid; but not including clam shell bucket; capacity one ton coal bucket; radius of arm 35 feet; delivery, forty-five days after receipt of order.

‘ E. A. Wallberg, crane made by Browning Engineering Co., price, \$6,380 in bond at Lévis; fully guaranteed, with one ton grab bucket; immediate delivery of portion of order; radius of arm, 35 feet.

‘ The matter of handling coal at Lévis has been considered from every standpoint, and propositions have been received for the erecting of the ordinary coal towers; but all of them are too expensive to consider in connection with the comparatively limited quantity of coal to be handled at that point.

‘ As the Browning crane is the best one for the money offered, and can be delivered in the quickest time, I would recommend its acceptance.

‘ Yours faithfully,

‘ M. J. BUTLER.

‘ Hon. H. R. EMMERSON, K.C., P.C.,

‘ Minister of Railways and Canals,

‘ Ottawa.’

*By Mr. Boyce:*

Q. On March 24, Mr. Butler, you wrote to Mr. Hopkins, as the representative of his house, and to Mr. Mussen, as the representative of his house (Exhibits 4 and 5), and you asked for their best prices on one locomotive crane, and their replies, dated, respectively, March 31 and April 6 (Exhibits 1 and 2, respectively), they give you a price on one locomotive crane?—A. I have explained that already.

Q. I am referring only to the documents?—A. If it says one, of course the document speaks for itself, I need not go into that. The same inquiry went to all the gentlemen who were asked to tender.

Mr. CROCKETT.—Mr. Wallberg was the only one who tendered for five.

*By Mr. Boyce:*

Q. On May 16 Mr. Wallberg tendered for five?—A. Yes.

Q. And on May 16 you recommended to the minister that his tender be accepted, and it was accepted?—A. Yes.

Q. And on May 19 he was instructed to go to work?—A. It was important to hurry it, because we expected to get the coal up early in June.

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*By Hon. Mr. Pugsley:*

Q. Letters were sent out to four people, you say, and you have only put one in, have you the others there?

Mr. BOYCE.—I have put in the Hopkins and the Mussen letters.

WITNESS.—They were all the same, manifolded from the same copy.

Mr. BOYCE.—The other two are not here.

WITNESS.—They were all manifolded off the same copy.

*By Hon. Mr. Pugsley:*

Q. You say the one to Mr. Wallberg is exactly the same as all the others?—  
A. Yes.

*By Mr. Boyce:*

Q. Where were all these five cranes to go to?—A. Delivery was accepted at Lévis because they were used there or nearby there, at Chaudière curve at the round house.

Q. I am going to put in letters between Mr. Hopkins and yourself and between Mussen and yourself, between the time that you had invited tenders and the time that their offers came in?—A. Asking numerous questions, aren't they?

Q. They seem to be contained in five documents. I will just attach these together and put them in, and in putting them in I will call your attention to the fact that every one of them, I think, with the exception of the Wallberg letters, which are already in, only refer to the price of one crane.

*(Documents filed as Exhibit No. 8.)*

‘MONTREAL, March 26, 1906.

‘M. J. BUTLER, Esq.,

‘Deputy Minister and Chief Engineer, Railways and Canals,  
‘Ottawa, Ont.

‘DEAR SIR,—We beg to acknowledge receipt, with thanks, of your favour of the 24th inst., giving specification of locomotive crane for unloading coal. We are now figuring on this, and hope to submit you full specifications and prices by the end of the week, which we trust will be satisfactory.

‘Yours very truly,

‘F. H. HOPKINS &amp; CO.’

‘MONTREAL, March 27, 1906.

‘M. J. BUTLER, Esq.,

‘Office of the Deputy Minister and Chief Engineer,  
‘Ottawa, Ont.

‘DEAR SIR,—In reply to yours of March 24, we beg to ask for the following information:—

‘What date of delivery is required?

‘Is crane to be equipped with clam shell orange peel bucket or other type of bucket?

‘Do you want standard gauge, broad gauge or narrow gauge?

‘Is crane to be capable of handling and pushing 30,000-pound coal cars, or the new type steel coal cars, having a capacity of 100,000 pounds?

‘Do you want the crane to be operated with electricity or steam?

‘Awaiting your reply, which will have our immediate attention.

‘We remain,

‘Yours very truly,

‘W. H. C. MUSSEN &amp; CO.’



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‘27th March, 1906.

‘DEAR SIR,—I have your letter of the 27th instant. I see that I omitted to mention that the gauge is 4'8½". The crane must be self-propelling, and, of course, must be driven by steam. I never heard of a locomotive crane that was driven by electricity. I am not particular whether it is a clam shell or orange peel bucket, so long as it does the work of coal handling; but, understand that they usually use clam shells.

‘It is not material what the size of the car is, as these cranes can usually push two or three cars without any difficulty. I thought possibly you might have had this branch of business already; but apparently it is new to you.

‘Yours very truly,

‘(Sgd.) M. J. BUTLER.

‘W. H. C. MUSSEN, Esq.,  
‘Notre Dame Street,  
‘Montreal, P.Q.’

‘MONTREAL, March 29, 1906.

‘M. J. BUTLER, Esq.,  
‘Deputy Minister and Chief Engineer,  
‘Department Railways and Canals,  
‘Ottawa, Ont.

‘DEAR SIR,—We have to thank you for the information relating to locomotive cranes contained in your letter of the 27th inst.

‘We will forward to you shortly specification in full, details and price of the machine we would propose to furnish, delivered free of all charges at Lévis, P.Q.

‘Yours very truly,

‘W. H. C. MUSSEN & CO.  
‘W. L. SCOTT.’

(Copy telegram.)

‘MONTREAL, 28th April, 1906.

‘M. J. BUTLER,  
‘Deputy Minister Railways and Canals,  
‘Ottawa.

‘Have just received full particulars coaling crane. McNally will call on you Monday at noon.

‘J. H. HOPKINS & CO.’

‘Q. Now, immediately after you had recommended to the minister the acceptance of the Wallberg tender you had had him advised that it was accepted, under date of May 19, 1906, and we will attach to that Mr. Wallberg’s reply dated May 29, 1906.

(Documents filed as Exhibits 9 and 10.)

(Exhibit No. 9.)

‘DEPARTMENT OF RAILWAYS AND CANALS,  
‘OTTAWA, May 19, 1906.

‘SIR,—I have to acknowledge the receipt of your letter of the 16th inst., giving your quotation for five standard ‘Browning’ steam locomotive cranes, complete, in working order, delivered at Lévis, in bond, namely, \$6,380 each.

‘By direction, I am to inform you that your said offer is accepted.



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'It is highly desirable that you should expedite delivery as much as possible, for, at least two of these cranes.

'I am, sir,

'Your obedient servant,

'L. K. JONES,

'Secretary.

'E. A. WALLBERG, Esq.,

'Merchants Bank Building,

'Montreal, P.Q.'

(Exhibit No. 10.)

'MONTREAL, May 29, 1906.

'L. K. JONES, Esq.,

'Secretary, Department of Railways and Canals,

'Ottawa, Ont.

'DEAR SIR,—I have your favour of the 19th inst., accepting my quotation for five Browning locomotive cranes. The price of each of these cranes being \$6,380 in bond f.o.b. Lévis.

'I beg to thank you for the order, and will do my best to expedite delivery.

'Yours truly,

'E. A. WALLBERG.'

Q. Now, this work went on, and on June 1, 1906, in a remarkably short space of time, you get a letter from Mr. Wallberg saying that three of the locomotive cranes were ready to ship. You had hurried them up?—A. Every one understood that they had to be there early in the season.

Q. And they got instructions on May 19?—A. I think I explained to you at the beginning that some time before that I had been talking with the representative of the Browning Company, when they had refused to discuss the selling to us of cranes at all, for the reason that their output was disposed of, but subsequently Mr. Wallberg learned, or he secured from them five cranes that some customer had failed to take off their hands, or had been unable to pay for, and that is the reason why prompt delivery had been made.

Q. I put in your hand a copy of Mr. Wallberg's letter to you, dated at Montreal, June 1, 1906, and your reply, dated June 2, 1906.

(Documents filed as Exhibits 11 and 12.)

(Exhibit No. 11.)

'MONTREAL, June 1, 1906.'

'M. J. BUTLER, Esq.,

'Deputy Minister Railways and Canals,

'Ottawa, Ont.

'DEAR SIR.—Three of the locomotive cranes are ready to ship, and I have given instructions to ship them to I.C.R. at Lévis, Que., via Grand Trunk, c/o I.C.R. at Montreal.

'Is there anything you require from me in the way of invoices for you to make free entry of these cranes, or is merely a clearance certificate from you all that is necessary, and I can then invoice them later, after the last cranes have been shipped?

'Kindly advise.

'Yours truly,

'E. A. WALLBERG.'

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(Exhibit No. 12.)

‘June 2, 1906.

‘DEAR MR. WALLBERG,—You will need to supply invoices with the three locomotive cranes, so that I can have them put through on free entry.

‘Yours faithfully,

‘M. J. BUTLER.

‘E. A. WALLBERG, Esq.,

‘Merchants Bank Building,

‘Montreal, P.Q.’

Q. Did Mr. Wallberg supply those invoices?—A. I presume so.

Q. Do you know where those invoices are?—A. No, I do not know; they would be either with the officers at Moncton or in the records at the Auditor General's office. I did not have anything more to do with them. That is all a matter of routine that passes through other hands than mine.

Q. You haven't any recollection about it?—A. You will find all that from Mr. Wallberg when examining him.

Q. At any rate you put them through?—A. I did not, I sent them to Moncton.

Q. I want to put in a letter which your secretary wrote to Mr. Dubé?—A. He is the superintendent of the railway.

Q. (Reads):—

(Exhibit No. 13.)

‘DEPARTMENT OF RAILWAYS AND CANALS,

‘OTTAWA, August 8, 1906.

‘SIR,—I inclose herewith a power of attorney in your favour to represent the department in the matter of the entry of two steam cranes, valued at \$5,425 each, shipped from Cleveland, Ohio, to Lévis, by the Browning Engineering Co. for this department, addressed to Mr. W. A. Wallberg, Montreal. I also inclose the requisite certificate in the matter signed by the acting deputy minister, and two vouchers in triplicate.

‘I am further to add that the department will be responsible for harbingers on these machines.

‘I am, &amp;c.’

—A. That fixes the invoice price you were asking about.

Q. \$5,425. I think you told me at the commencement of your examination, Mr. Butler, that the purchaser in Canada would get the benefit of the price at which the American firm supplied this article?—A. I still think so.

Q. Then how did the department get any advantage on the price of \$5,425?—A. Mr. Boyce, that is the selling price in Cleveland, Ohio, without estimating labour, freight, or any of the incidentals that are connected with the erecting of a crane in its place.

Q. That is the selling price that the department paid to Wallberg?—A. To Wallberg.

Q. So the company sold to Wallberg and Wallberg sold to the department?—A. All the American companies, as a matter of act, have a peculiar rule that we in the department cannot, or will not, accept: that is that cash must issue against the bill of lading. We only pay on receipt of the goods. Things of the kind have to be explained, and I think you had better examine Mr. Wallberg because I am not familiar with them.

Q. You paid promptly for the cranes?—A. We always do.

Q. The cheque is dated June 30, 1906?—A. That would be a matter of routine in the department. That is at the end of the fiscal year, and I think the cheques were drawn, probably in anticipation of the delivery, to prevent the appropriation from running out.

Q. Now, what do you say with regard to your first statement that the purchaser in Canada should have the benefit of the price which the company asks in the United States?—A. I did not say that.

Q. You did not say that?—A. No. I say we should get the best price we can, through the best means we can, in every case where we are trying to buy. That is the position I would like to put the matter in.

Q. This was not the cheapest crane that was offered, was it?—A. I think it was, having regard to all the circumstances.

Q. That is a matter of figuring?—A. My report deals with it. I think it was both the lowest in price and the best in quality.

Q. Your report does not even say that?—A. I think it was, as a matter of fact, the lowest in price.

Q. At any rate you got a satisfactory crane?—A. We did.

Q. Has it been your invariable habit to deal with agents and brokers?—A. No, certainly not.

Q. You were requiring an article that was not manufactured in Canada?—A. I told you so in the beginning.

Q. And you naturally wanted to get it as cheaply as possible?—A. Yes.

Q. Why did you not purchase direct from the manufacturers when you knew who they were?—A. As I said, they had refused to quote a short time before this.

Q. When did they cease to quote?—A. When did they cease to quote?

Q. Yes?—A. They were not in a position to quote at the time, I was told.

Q. Did you see them?—A. I saw the agent of the Browning Company.

Q. That is the agent you saw in Montreal, the German?—A. Yes.

Q. But you knew the different manufacturers in the United States?—A. Oh, yes.

Q. From whom these cranes could be got?—A. I knew the others. They have got agencies in Canada, and they would simply refer you back to their Canadian agent. They would do that as a matter of fact.

Q. You had followed a contrary course?—A. In this case there is no use asking a company that has an established agency to bid past their agent; they won't do it.

*By Mr. Crockett:*

Q. Mr. Wallberg would be the agent, the recognized and advertised agent of this house?—A. Of the Browning Company? No, I am not saying he was.

Q. Did you ever know him to be acting for this company in the purchase of cranes before?—A. I had nothing to do with them before in the purchase of cranes. I know that Mussen is the established agent of the McMuyler Company, and that Wallberg is for the other house.

*By Mr. Boyce:*

Q. But you did not know then that Wallberg was the agent for the Browning Company, and you did not go to him as their agent?—A. No. I know he is in that line of business, and he informed me that he had procured some of these Browning cranes that could be delivered, although it was known their orders were sold out.

Q. Then you have purchased direct from the manufacturer, have you not?—A. Certainly. Not in cases of this kind but in other cases, understand.

Q. Not in cases of this kind? What do you mean by that?—A. I mean this particular lot of stock.

Q. You mean of cranes?—A. This particular stock, because this is the first of the kind that has ever been bought by us.

Q. Do you remember when a purchase was made for Dartmouth?—A. That is a different kind of tool altogether.

Q. Is this a travelling crane?—A. Do you mean the one at Dartmouth?

Q. No, this one that we are now talking about?—A. Certainly. It is a different kind of tool that you are talking about now.



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Q. The firms that will supply pillar cranes——?—A. That is a different kind of thing altogether. It is not in the same class of business.

Q. The works that will supply pillar cranes, transfer cranes, and travelling cranes will supply the cranes that you get now?—A. They might not.

Q. But you did not ask them, did you?—A. Not those people, because the things you are enumerating now are not in the same class of manufacture at all.

Q. In what way?—A. They are not any more similar for instance than a car is to a wheel barrow.

Q. They would not be manufactured by the same people?—A. They are not the same kind of thing at all.

Q. They would not be manufactured by the same people?—A. No.

Q. Not in the Industrial Works?—A. Yes, they manufacture a great variety of things.

Q. Do they manufacture these cranes?—A. Yes.

Q. Then that contradicts your previous answer?—A. I don't think so.

Q. Because these other people supply pillar cranes, transfer cranes, and travelling cranes, and they also supply the cranes that we are talking about now, so they are in the same class?—A. The Industrial Works are an extensive company and they manufacture a great variety of things.

Q. The department has dealt direct with the Industrial Works, is that not correct?—A. I don't know.

Q. It is not within your knowledge?—A. No.

*By Mr. Reid (Grenville):*

Q. Did you inquire from any person in the department if there had been any purchasing direct from the Industrial Works?—A. No, I did not.

Q. You did not make any inquiries at all?—A. No.

*By Mr. Macdonald (Pictou):*

Q. Where are these works located?—A. The Industrial Works? In Bay City, Michigan.

*By the Chairman:*

Q. You had an offer from them?—A. Yes, we had an offer from them.

*By Mr. Reid (Grenville):*

Q. You did not know you had been doing any business with them?—A. I knew them in connection with this class of machine, as they had supplied one to the Locomotive and Machine Company, Montreal. I was familiar with its work, and I thought it was only fair to Mr. Hopkins to submit a tender to see whether they could or could not supply a locomotive travelling crane for the coal business.

*By Hon. Mr. Pugsley:*

Q. And they were asked to tender?—A. Yes, they were asked to tender. The one they had in Montreal is not capable of doing the class of business we had in view.

*By Mr. Reid (Grenville):*

Q. Have any of your officers ever advised you that they had been buying direct from these firms?—A. They had not. This is a new type of crane.

Q. I mean dealing direct with the firms in the United States?—A. No.

Q. You never took any means to find out?—A. I don't know how I would find out except to go back to the purchases of previous years, and that I never have had time to do. I do not know that I can call up the officials every time I want to consult with them as to what they have done in the past. I do not think it would be a reasonable thing for me to do that.

Q. Have you a list of the firms?—A. There is no such list as I know of.

Q. And you did not know—?—A. That they supplied, some time or other, machines to the department? No, I did not.

Q. Did you not know that the department had been dealing direct with them?—A. I don't know that it has, and I am not positive that it has not.

Q. You are positive it has not?—A. I am positive in the case of each and every year we have been dealing with them.

Q. Take the year 1900?—A. That is before my time. I don't know what happened then.

Q. Well, they have purchased from them?—A. They might have. I know that since 1905 they haven't bought anything from them that I am aware of.

Q. In 1900 they were dealing directly with them?—A. Possibly, and they may have been dealing direct through their agent in Montreal. It might have passed direct from the company in that way, and it might have been done through Mr. Hopkins, I cannot answer for that.

Q. In 1901 the department purchased cranes from them?—A. They are a different class of things altogether.

Q. I mean dealing directly with them, with the company?—A. Possibly that was through their agent. The mere fact that the company's name appears on the book is no evidence that they were dealing direct with the office in Bay City.

Hon. Mr. PUGSLEY.—In any event it is not in evidence that you were dealing direct with the company.

Mr. REID (Grenville).—What I want to say is this, that in the Auditor General's Report, which we have before us, it appears that you were dealing direct with the company; payments were made to them.

The WITNESS.—I cannot answer anything about these things because I do not know.

*By Mr. Reid:*

Q. Only that from this Auditor General's Report it appears that in 1901 the Industrial Works sold direct to the government?—A. No, you do not know it, nor I do not know it, from that.

Q. Wouldn't they be dealing direct when the payment was made to them?—A. Mr. Reid, any agent, as I understand it, would simply turn over his order to the parent house, the whole transaction would go direct to the house, but he would have his commission out of it just the same.

Q. Here is a payment to the Industrial Works Company in 1907, and you say they have not been purchasing direct since 1905?—A. I say I was not aware of it. They might have been buying things and I not know it.

The CHAIRMAN.—In what department is this?

Mr. REID (Grenville).—I do not know. We will ask Mr. Butler.

*By Mr. Reid (Grenville):*

Q. Is this in your department (showing Auditor General's Report)?—A. (Reads): '50 and 60 ton crane Industrial Works Company, Bay City, Michigan.' I do not think it is the same company. I would not like to say.

Q. You have never heard of any other Industrial Works there?—A. I do not know.

Q. We can find out by getting the papers?—A. We will have to get the papers for that. I would not like to answer that, because I do not know anything about it. The cranes that would be bought there would be travelling cranes in the shops, and a different class of cranes altogether.

Q. What I am getting at is that you say they have not dealt direct?—A. I do not say that; I am speaking as far as I know personally. Where people have an established agent it is customary to make inquiries through that established agent. That is the whole point.



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Q. Here is this Industrial Works again, it is the same thing, the Industrial Works, Bay City; would not that be the same company?—A. You would think so, and on the fact of it it looks like it, but I am unable to say.

Q. What I am getting at is this: is this gentleman in Montreal the agent for this concern, or is this another concern outside of it?—A. I think it must be the same concern, but I could not say it without looking up the papers.

Q. In the year 1901 the Department of Railways purchased direct from the Industrial Works, Bay City—

Hon. Mr. PUGSLEY.—Are you giving evidence when you say they purchased direct?

Mr. REID (Grenville).—I am reading the Auditor General's Report.

Hon. Mr. PUGSLEY.—It does not say there that it was purchased direct; all that it says is that the invoices are headed 'Government of Canada, to Industrial Works': it does not say that it was purchased direct.

The WITNESS.—The presumption would be that it was bought direct from the company, or it might have been through their agent in Montreal; I cannot say whether it was or not.

*By Mr. Macdonald:*

Q. Who is the agent of the Industrial Works in Canada?—A. Mr. Hopkins.

Q. If he got the order he would refer it to his house, and the invoice would come from there?—A. I think so.

*By Mr. Reid (Grenville):*

Q. If the invoice reads, 'Industrial Works, Bay City, Michigan,' does that mean that the goods came from there?—A. I should think so.

Q. Then it shows that they purchased cranes to the extent of \$34,000 in 1902; that is what the Auditor General's Report shows they purchased from that concern?—A. I should think so.

*By Mr. Macdonald:*

Q. What kind of cranes were these?—A. These that the Doctor is speaking about are fixed cranes for shops, a different class of thing altogether, these are locomotive travelling cranes.

*By Mr. Reid (Grenville):*

Q. But you admit that the Industrial Works manufacture the same kind of cranes that you want?—A. They do.

The CHAIRMAN.—And they tendered, too?

*By Mr. Reid (Grenville):*

Q. And they tendered, too?—A. Yes.

*By Mr. Macdonald:*

Q. These were new things?—A. Entirely new for the Intercolonial.

Q. The Intercolonial never purchased cranes of that kind before?—A. I have explained that before, Mr. Macdonald.

*By Hon. Mr. Pugsley:*

Q. Also the fact that payments made to the Industrial Works would not show whether the purchase was made through an agent or direct?—A. I could not tell anything about it.

*By Mr. Boyce:*

Q. I will finish my story now. On July 11, it appears from this correspondence

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that Mr. Joughins, from Moncton, advises you that he had received invoices for the cranes, and asking if the price is right, and you confirm that on the same date by telegram through your secretary. Then I suppose the cranes were delivered at where?—A. At Lévis.

Q. And they were wanted at Lévis?—A. Yes, and near there.

Q. And you could not get them until you got the invoices, could you?—A. Well, I think so, I think they were working long before the invoices were passed.

Q. You got an order, being government property. Who are the Steel Concrete Company, of Montreal?—A. I think that is one of Mr. Wallberg's corporations.

Q. Why did the Steel Concrete Company, of Montreal, send you invoices?—A. They used the same letter heading—that is, Mr. Wallberg, isn't it?

Q. Who is E. C. Warren?—A. I do not know, I never heard of him.

Q. And yet on August 7, Mr. E. C. Warren sends you invoices for two locomotive cranes, shipped by the Browning Company in fulfillment of the contract made with E. A. Wallberg?—A. Yes.

Q. Did you ever meet E. C. Warren or any other officers of the Steel Company?—A. I know nothing about the company at all.

Q. Did you know, at the time you asked Wallberg for tenders, that Wallberg was not really Wallberg, but the Steel Concrete Company, Limited?—A. I did not know anything about it.

Q. Did you know, at that time, or in connection with previous correspondence leading up to the actual offer, that Wallberg was an officer, or in any way connected with the Steel Concrete Company?—A. No.

Q. When did you learn that fact?—A. I have just hazarded it now because I have learned he had formed such a company and inadvertently used the letter paper.

Q. Would he inadvertently use that paper and signature?—A. You had better ask him.

Q. You should answer it, because it was addressed to your secretary by him?—A. I cannot explain anything about it.

Q. You do not know anything about it?—A. I do not remember ever seeing it.

Q. It is a surprise to you now, isn't it?—A. In what respect?

Q. I am asking you if it is a surprise? We will get the abstract proposition first and then work it out.

*By Mr. Macdonald:*

Q. Is it a copy of a copy?—A. I have no doubt it is a copy.

*By Mr. Boyce:*

Q. It is in the file brought down by Mr. Butler himself?—A. This is a copy of papers we have on file.

Q. Now, will you give me an answer?—A. What do you want me to say?

Q. I want you to explain to me whether you ever saw this letter before?—A. I don't remember ever having seen it.

Q. Did the Concrete Company or the Warren one ever come before you in this connection?—A. I do not remember that they ever did.

Q. And you did not know that you were dealing with a corporation instead of an individual?—A. I am sure that we were not.

*By Mr. Blain:*

Q. Will you read the letter?—A. I will read the letter if you like (reads):—

(*Exhibit No. 14.*)

'L. K. JONES, Esq., Secretary,

'Department Railways and Canals,

'Ottawa, Ont.

'MONTREAL, August 7, 1906.

'DEAR SIR,—We inclose invoices for two locomotive cranes shipped by Browning Engineering Co. to Lévis, Quebec.

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'Trusting that the non-receipt of these invoices has not seriously delayed you, we remain,

'Yours truly,

'STEEL CONCRETE CO., LTD.

'E. C. WARREN.'

*By Mr. Johnstone:*

Q. Where are the invoices?—A. They have gone to the Customs, I suppose.

Q. Were the invoices made out in the name of the company?—A. Oh, no. This is merely a letter of instructions addressed to the secretary.

*By Mr. Boyce:*

Q. You would not know how the Steel Concrete Company got mixed up in these invoices?—A. How could I? I did not know they had anything to do with it at all.

Q. Were you advised as to the landing of these cranes, the assembling of the parts and the erection of them?—A. Yes.

Q. Did you go down yourself?—A. Yes.

Q. Did you see them as they were put up?—A. Yes, but I did not go down especially for that purpose. I was there and saw them at work and saw them being tested.

Q. It was important for you yourself to go down, where \$30,000 worth of material was concerned?—A. We buy more than that at times. I saw them working.

Q. How many were delivered first?—A. I think three.

Q. Were they put up?—A. They were erected as fast as possible.

Q. Where were they put up?—A. I presume on the Princess pier, where they could unload coal out of steamers on to the cars.

Q. At what distance apart?—A. About the length they would be able to do their work backwards and forwards, I presume.

Q. Were all five put up in the same way?—A. Oh, no, three of them were on top of a trestle. One of them was kept on the pier for handling back, and I don't remember the other. I think they took it up to Chaudière for the purpose of working round there where coal was being handled.

Q. They were all purchased for Lévis?—A. Yes.

Q. They were all considered to be necessary for Lévis?—A. Yes.

Q. And when did one go up to Chaudière?—A. Right away. I could not tell you offhand.

Q. It was never put up at Lévis?—A. Oh, yes, certainly.

Q. It was put up at Lévis?—A. Yes, they were all put together there.

Q. You say they were all put up and are working?—A. Yes.

Q. Afterwards you got a report from your engineer that they were working?—A. Yes.

Q. I don't see that report among the papers?—A. I don't think there was ever a written report upon it, Mr. Boyce. I was down there on a number of occasions at Lévis.

Q. Who is Mr. Lozo?—A. He is the master mechanic on that division.

Q. I see the last letter referring to the cranes, in the correspondence which has been brought down, is one from Mr. Wallberg to you. It is as follows (reads):—

(Exhibit No. 15.)

'MONTREAL, August 9, 1906.

'Subject:—*Re Lévis coaling plant.*

'M. J. BUTLER, Esq.,

'Deputy Minister, Railways and Canals,

'Moncton, N.B.

'DEAR SIR,—I went to look over the plant at Princess pier, Point Lévis, yesterday, and I believe that this plant is in very good shape to do business. It is practically completed, and looks to be a good substantial job. The Browning man is there,



and the cranes have been operated. I also saw Mr. Lozo there, and he is looking after the installation, and I believe it will work out quite satisfactory. The other two cranes were shipped before the end of July as per agreement, which completes the order, and they should be in Lévis now.

Unless you otherwise require to go there, I do not believe that it will be necessary on account of the initial operation of this plant, as Browning's man will remain there, and he is their best man and fully able to give all instructions about handling the cranes as well as to operate them.

'Yours truly,

'(Sgd.) E. A. WALLBERG.'

That is on 9th August, and you only had three cranes?—A. In working order, I presume. That is correct.

Q. And the contract provided that you were to have five cranes put up and working before payment was to be made?—A. Yes.

Q. Then on the 14th August Mr. Jones had a telegram from Mr. Joughins to this effect (reads): 'Mr. Pottinger says we can take the cranes immediately on arrival at Lévis. Arrive with customs afterwards.' Would that be the other two cranes?—A. I presume so; naturally it would be.

Q. You presume that would refer to the other two cranes?—A. That must refer to the other two.

Q. This is the last of the correspondence which has been brought down. Have you any more?—A. Not that I am aware of. I ordered everything to be brought down.

Q. I shall have to trust to your memory as to what took place after the 9th August. What happened after that?—A. I don't know anything that happened.

Q. How did you become assured that the cranes had been delivered?—A. After the voucher was accepted by Mr. Pottinger and the cheque was issued you can rest assured they had been delivered.

Q. The next thing you would get would be the voucher?—A. It would not come to me, but to the Auditor General's office.

Q. After that it would be a mere matter of routine—that a certificate should issue from somebody that the cranes had been delivered and were satisfactory?—A. Yes.

Q. Does that certificate not come to your department?—A. It goes to the Intercolonial Railway offices at Moncton.

Q. And they do not return that to you, do they?—A. No.

*By Mr. Crockett:*

Q. That goes direct to the Auditor General's office?—A. I think so. Is it not correct, Mr. Fraser, that the vouchers go direct to your office with the cheques?

The AUDITOR GENERAL.—Yes.

*By Mr. Boyce:*

Q. You would sign these vouchers?—A. No.

Q. Of the Intercolonial?—A. No, sir.

Q. You have made a mistake. I think this is your signature on this voucher?—A. I don't think so, not on a voucher.

Q. Is that not a voucher (exhibiting document)?—A. I don't think I signed a voucher. If I did it was a most unusual thing for me to do. Can you find my signature there? (After examining voucher.) Yes, it is on in this case.

Q. Now look at the other voucher?—A. Yes, I signed those two.

Q. That would be a most extraordinary thing for you to do, to sign these vouchers?—A. An unusual thing. I don't remember just how it came about.

Q. Who produced these vouchers to you for signature?—A. I presume they were sent up from Moncton by the books of them.

Q. Why?—A. I don't know unless it was that the contract was in the department here for me to certify to the price.

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Q. How many contracts are there running on at one time in the department?—A. I cannot tell you.

Q. Can you not? You say a \$30,000 contract is a mere bagatelle?—A. It is, of course, not a very large one.

Q. And yet you took an unusual course with regard to that and I ask you for an explanation?—A. It is impossible for me to give it to you, except that I signed these vouchers.

Q. Did Mr. Wallberg produce that voucher to you for your personal signature?—A. He could not have done so because it has Mr. Walker's signature first.

Q. How do you know he signed it first?—A. I am sure of it or I would not have signed it.

Q. Are you quite sure that Mr. Walker certified first?—A. Yes.

Q. Who is Mr. Walker?—A. He is the Mechanical Accountant.

Q. Now I point to a memorandum on the voucher: 'Audited at \$19,082.55, 20-7-06,' and the signature 'F. Hayter.' Who is F. Hayter?—A. He is in the Auditor General's Department.

Q. On the voucher for \$12,760, I refer you to a similar memorandum endorsed?—A. Yes.

Q. That is the 20th July, is it not?—A. Whatever the date shows.

Q. Well is not '20-7-06,' the 20th July?—A. Yes.

Q. And the goods had not been received then at that date?—A. I don't know.

Q. Have I not put in a letter to show that on the 9th August the cranes had not been received?—A. The goods were there I presume, before the voucher was passed.

Q. I will read you again what Mr. Wallberg says himself to you. He says he believes 'this plant is in very good shape to do business. It is practically completed and looks to be a good substantial job'?—A. I think if you will allow me to interrupt for a moment. I have forgotten the exact date, but it is not an unusual thing at the end of the fiscal year to have vouchers, in order to save the lapsing of the appropriation, dated in advance; but you will find the cheque did not reach the man until after the goods were received. That is a common practice.

Q. We will just see how that works out. You have told me the system was purely routine work, and that after the correspondence of the 9th August Mr. Wallberg would have to satisfy the Intercolonial Railway—A. So he has.

Q. That the goods were delivered, and this voucher would be given. Is that correct?—A. Yes.

Q. And yet you tell me that in some cases vouchers are made out in advance?—A. At the end of the fiscal year they are made out in advance.

Q. But this is not the end of the fiscal year?—A. No, it is not, there is always a term after the close of the fiscal year—I say at the end of the fiscal year it is not an unusual thing in order to save an appropriation to have a voucher audited in advance so as to save the money from lapsing, but after a certain date that cannot be done.

Q. Is it usual to have a voucher audited dated in respect of goods which have never been delivered?—A. Oh, no.

Q. Would you think it is a good system to have a voucher for material audited in the Auditor General's Department and certified in respect to goods which had never reached the government?—A. Well, the goods were probably there; there is no cheque issued until the goods are on hand.

Q. Is it the principle, is that what you say, that vouchers against the government for goods are audited and certified before the actual goods for which these accounts are rendered are delivered; is that correct?—A. No, that is not correct.

Q. If Mr. Wallberg's letter of August 9 is correct the contract with respect to the three cranes was not completed by the installation and setting up of the machinery?—A. They had been working long before that.

Q. Now, in respect to the two cranes that had not arrived on August 9, what explanation have you to give? Do you notice that the signature that is on the writing, the memorandum to which I have just referred you, and your signature are

written in the same peculiar ink?—A. I will tell you. I think you had better ask Mr. Hayter about that, he can tell you more about it than I can.

Q. I am asking you about your own signature. I think I am justified in doing that?—A. That is my signature.

Q. Don't you remember signing it at the same time that Hayter signed?—A. I do not, although it is quite possible that Mr. Hayter brought it to me to certify.

Q. Don't you think you certified it and took it to Mr. Hayter for his signature?—A. No, I am perfectly certain of that. I think it is quite likely Mr. Hayter asked me to certify to the correctness of the prices.

Q. The procedure would be that Mr. Hayter would ask you to certify to the correctness of those prices before auditing the accounts?—A. Quite likely.

Q. Then Mr. Hayter would have to have your signature on that before auditing the account?—A. As to the correctness of the price.

Q. And Mr. Hayter, on July 20, might make an audit of that account?—A. It speaks for itself.

Q. And on July 20, or before that you had certified to it?—A. That the prices were correct.

Q. That the prices were according to contract?—A. That is correct, that is all I certify there; I did not undertake to say that the goods were there at all.

Q. You did not say that the goods were there at all?—A. No, I did not.

Q. But that the prices are according to contract?—A. Mr. Walker's certificate is on for delivery.

Q. I want to ask you whether Mr. Hayter brought that voucher to you?—A. I have no distinct recollection that Mr. Hayter came to me and asked if I could certify to the correctness of the prices. I had the contract and tenders and certified to it.

Q. Who usually certifies to the prices?—A. Whoever handles the goods and knows the prices. It would be a very proper thing for me to do if I had the tender in my department, and if the prices are in my department it would be a very proper thing that I should do so, but I do not certify to every voucher, although in a case of this kind, which I handled all the way through, and with which the men on the road were not familiar at the time, it was not an extraordinary thing that I should sign it.

Q. Following this there would be a cheque made out on the date of June 13, of course?—A. Whatever date it says, I suppose.

Q. That goes through the Auditor General's Department?—A. That would be held by the general manager until he had an absolute assurance that these goods were there and were satisfactory. If you will notice when the cheque was paid it will tell you better when it was actually issued.

Q. One of them was paid on July 13?—A. And the other?

Q. On September 10?—A. That tells the story, that is the answer, the cheque was drawn and held by the general manager.

Q. I understand the cheque was drawn and dated June 30, the end of the fiscal year?—A. That is right.

Q. And was not delivered?—A. Until the goods were delivered and in first-class shape.

Q. And that is the explanation?—A. That is the explanation.

Q. Now, tell me how you first came to ascertain that Mr. Wallberg was the agent of the Browning Company?—A. I could not tell you that, I do not know.

Q. How did you come to talk to Mr. Wallberg about cranes?—A. He was connected with Mr. Harrington in the Locomotive Machine Company, as general sales and canvassing agent, I think, in connection with their business on that side of it, the structural department, about that time.

Q. You have done a great deal of business with Mr. Wallberg?—A. No. I have not; up to that time I had not done any that I can remember.

Q. That is in January, 1906, you had practically done no business with Mr. Wallberg?—A. Not in the government service at all.



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Q. I am talking about the government service. You, as deputy minister, had practically done no business with Mr. Wallberg?—A. I do not remember any special business he had engaged in with the government, although there may have been quite a lot; there may have been matters that did not come before me; he may have been tendering on things for years past as far as I know; but this is the first matter that brought him specially before me, that is in my capacity as deputy minister.

Q. That was the first time you came into business relations with him for the Government of Canada?—A. I do not say that, but I do not remember a previous one, I don't remember.

Q. All contracts for supplies for the Intercolonial Railway come under your notice?—A. They come under my notice, but there would not be any direct negotiations with me; they do all that through the stores department.

Q. With whom would they generally conduct the direct negotiations?—A. With the stores department in response to inquiries.

Q. And this would not be a case where it was negotiated through the stores department?—A. No, it was not.

Q. Then what is the rule as to that?—A. The rule is, generally speaking, that an officer who requires anything, puts in a requisition on the stores department, and the specification is sent out from the stores department, either by public advertisement or to the patronage list, as the case may be, and responses are received by the stores department, and after the tenders are abstracted they are referred to the department at Ottawa to be accepted.

Q. Who made the requisition, in this case, for the cranes?—A. I did. There was no formal 'requisition' made in this case.

Q. Who reported to you that they were wanted?—A. Nobody reported to me. I had made a study of it. I wanted to see if we could not reduce the cost of handling our coal.

Q. You diverged, apparently, from the general course, didn't you?—A. I presume I did from the time I took hold of the Intercolonial Railway.

Q. Do you know the Appleby Bros., of London?—A. I do.

Q. Do you know the kind of crane they turn out?—A. Yes.

Q. Do you know the firm of John Starr & Son, Limited?—A. I know who they are.

Q. They are agents of the Appleby Company, are they not?—A. I do not know that. I understood that firm had a Montreal agent.

Q. Did Appleby Bros. turn out the kind of crane that you wanted at Lévis?—A. I could not say, because of the fact that any English tools of the kind I have seen are ill adapted to the peculiar conditions of this country.

Q. And was that the reason, that although you knew of the Appleby Brothers, you did not give John Starr & Company an opportunity of tendering?—A. That was a reason.

Q. And there was also the reason, I presume, that you wanted—A. We wanted American tools that were familiar with our conditions and with our ways of doing things.

Q. You wanted American tools?—A. For two reasons. One is that in case repairs were necessary, the getting of parts from England is a very difficult matter; and then there are also very great differences in our methods of doing things in many ways. They use chains where we use cables, and they have a different style of clam shell.

Q. A different style of what?—A. A different style of bucket. Their methods of business are so different from ours that they don't fit in well with ours.

*By Mr. Bennett:*

Q. You are not a British preference man?—A. Yes, I am. I am sorry that such is the case, but it refers to certain classes of tools, Mr. Bennett.

*By Mr. Boyce:*

Q. Now, you did not in this case accept the lowest tender, did you?—A. I think so. I think it is the lowest tender.

*By the Chairman:*

Q. It was the lowest?—A. Yes, it was the lowest.

*By Mr. Boyce:*

Q. The tender was for \$6,380?—A. It was the lowest tender, Mr. Boyce.

Q. Wait a bit. Let us work it out and see. The tender was for \$6,380, eh?—A. Whatever it says.

Q. The tender you accepted was \$6,380 in bond at Lévis?—A. Yes.

Q. The Hopkins' tender was—A. You cannot compare the Hopkins' tender.

Q. You said this was the lowest tender?—A. I tell you you cannot compare the Hopkins' tender because it does not include the clam shell bucket, and because of that you would have to add \$1,200 or \$1,500 to the price.

*By Mr. Crockett:*

Q. Had you desired them to tender for a machine of that kind?—A. Yes and he put in a tender, but no bucket; he did not comply with all the conditions.

*By Mr. Boyce:*

Q. Your invitation is among the papers filed. Just show me where you asked him to tender for a clam shell bucket?—A. Look at the specifications and read the note that is on there. It explains that he did not tender for a clam shell bucket. You are only wasting time. I have already explained the matter once, twice, and this is the third time. What is the use of going on in this way.

Q. I find there are a great many things you have not explained?—A. That is my stupidity then.

Q. Your idea was to accept the lowest tender provided you got the article the government wanted?—A. Unquestionably.

Q. And so you accepted this tender?—A. We did.

*By Hon. Mr. Emmerson:*

Q. Comment has been made upon the fact that you do not remember about a note that came to Mr. L. K. Jones from some cement company. Now in the usual course of things, do such letters ever in any way come under your observation?—A. Not at all unless there is some special point the secretary thinks it is necessary to bring before me.

Q. And then the invoices which were included in that letter—A. They would not come before me in the ordinary course of business.

Q. Nor before the minister?—A. No.

Q. Now the securing of these cranes was a departure was it not?—A. Yes.

Q. From the course pursued by the Intercolonial Railway?—A. Yes.

Q. And the object of that was what?—A. The object of that was to bring about a saving, as I thought, of about \$400,000 a year to the Intercolonial Railway.

Q. By what means?—A. By bringing the coal by water to Lévis and handling it out of the boats directly into the cars to the coal supplies like Chaudière, Drummondville, Rivière du Loup; and thus save six hundred miles of haul for the coal. Six hundred miles hauling at our cost means \$3 per ton and there are 120,000 tons consumed at these places.

Q. That is, to save hauling the coal from Cape Breton to Nova Scotia, New Brunswick, and part of Quebec to Lévis, you thought it would be better—?—A. To have it come by water.

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Q. To have it shipped by water to Lévis, and there, with proper facilities for unloading vessels, you would make the saving?—A. That is what I had in view.

Q. Now that was discussed between yourself and the minister of that day very thoroughly was it not?—A. Yes. I pointed out to the minister that I thought we could make a most substantial saving in the whole operation of the railway.

Q. Lévis was not the only place where it was intended to install cranes, was it?—A. While we have unloaded a number of boats at Dalhousie, I never felt we were quite warranted in going to the further expense of installing cranes there owing to the difficulty of getting suitable boats.

Q. There was another point, on the Miramichi river?—A. Also at Campbellton and Newcastle. They were also considered as possible points of distribution, but it finally narrowed down to the two places where we were receiving the coal by water—or rather three places, because we have received coal at Halifax—Dalhousie and Lévis. The other points did not work out satisfactorily owing to insufficient water or some difficulty in the way of the boats getting in.

Q. The great question in your mind at that time was as to a suitable crane was it not?—A. Certainly, to get one that would be sure to work satisfactorily.

Q. Did you take into consideration the question of strength in connection with the work on Princess Pier?—A. I felt like this: There were two cranes that I was sure of that you could depend on—the McMuyler and the Browning. The McMuyler crane was already working in Quebec for the Quebec and Lake St. John railway, across the river, and had been working there for several years. In operation of that crane they had worked out difficulties that are incidental to that kind of machine. The Browning, I knew of in a great many places, in American ports. Either of them I felt would be satisfactory, so we took the cheaper.

Q. Either of them would be satisfactory?—A. Yes.

Q. Now as to the appropriation?—A. The appropriation was lapsing.

Q. Having decided upon this policy there was a sum placed in the estimates for the cranes?—A. Yes.

Q. That sum was not voted until late in the session?—A. Very late. I don't recollect the exact time.

Q. Did that not delay the department in seeking offers from the respective manufacturers?—A. I cannot just answer that. I think probably it would, because it is not right to ask for offers until you have a reasonable hope of the appropriation being in the estimates.

*By Mr. Blain:*

Q. What amount was that?—A. I think it was \$56,000 or something like that amount; I am not just sure. We are hardly ever warranted in sending out inquiries until at least the estimates have passed the government.

*By Hon. Mr. Emmerson:*

Q. And the usual course is not to do so until they have passed the House?—A. Yes. But until they have passed the government I would not waste people's time by making inquiries.

Q. Now in this instance the matter was delayed and you were anxious, as we all were, to begin the shipment of coal by water as early as possible in the season, were you not?—A. Yes, and the plans were ready for it.

Q. To avoid this long haul over the Intercolonial through Nova Scotia, New Brunswick to Lévis?—A. Yes, what we did was to accumulate coal as much as possible at Chaudière, River du Loup and Drummondville by means of water transportation instead of having this long haul.

Q. You were in a hurry to get these facilities completed on Princess pier?—A. Yes.

Q. And you wrote to the different parties?—A. I wrote to them myself.



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Q. This matter was dealt with by you as the deputy minister, and was not referred to Moncton at all, was it?—A. No, it was not.

Q. It was the carrying out of a policy that had been determined upon at Ottawa by the department itself?—A. Yes.

Q. The usual course would have been to have sent to Moncton to have inquiry made there, and steps taken to procure tenders?—A. Yes, that would have been the regular routine, in which case you would not have had anything done until the next year.

Q. You carried the matter, up on from the department, consulting me with respect to it?—A. Yes.

Q. And finally determined on receipt of the offers, that the crane which Mr. Wallberg represented was the cheapest and the best under all the circumstances?—

A. I can safely say so, and my report enumerates the fact that when the tenders were abstracted they were brought before the minister—the Hon. Mr. Emmerson was then minister—and he accepted them himself.

Q. The question of delivery was a vital question at that moment?—A. Yes, it was.

Q. That is to say in the spring, at the opening of navigation?—A. Just at the opening of navigation.

Q. And to avoid delay, there was a great complaint as to the scarcity of rolling stock, wasn't there?—A. For the last three years—I can safely say that we have not had within from 1,000 to 1,500 cars of the actual requirements of the business of the Intercolonial railway.

Q. Was it, or was it not, considered that by adopting this course you would relieve, for the general public and the general business of the Intercolonial, a certain large percentage of the rolling stock, which would otherwise be engaged if you had not departed from the policy heretofore pursued in hauling coal from Cape Breton for the benefit of the railway itself?—A. I thought so, we secured for the use of the public the services of all the cars and locomotives that would be required to transport, I think 100,000 tons of coal from Nova Scotia up to that point; these cars were available for other business.

*By Mr. Crockett:*

Q. In view of the necessity of that haste, can you understand why you waited for a month after receiving the last tenders for Mr. Wallberg's tender?—A. The tenders were not in.

Q. You got offers from three firms, the last of which is dated one month before the date of Wallberg's tender. In view of the necessity for this great haste that Mr. Emmerson has referred to, why that delay?—A. I do not think that the acceptance of the tender had much to do with the tenderer.

Q. It was not the acceptance of the tender, but the making of the offer?—A. Well, the delivery of the goods, there was not any special time, we were trying to get the answers to the enquiry in from the parties we knew could deliver the goods.

*By Hon. Mr. Emmerson:*

Q. This was a matter which had been talked about for some time, and the question of the character of the crane was a very important feature?—A. Yes.

Q. Don't you recollect that you went to Lévis and examined the situation there?—A. Yes, I spent some time there and covered the ground thoroughly. I spent a long time on it.

Q. And having received these offers you wrote me a letter which I do not think has appeared on the records yet, dated May 16, 1906?

The CHAIRMAN.—That has been filed as Exhibit No. 7.

*By Hon. Mr. Emmerson:*

Q. What, in your judgment, was the saving effected by the course taken?—A. I am quite satisfied we saved over \$100,000.



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*By Mr. Blain:*

Q. I understood you to say that this change was entered into by the department after full examination of this question as to the adoption of a cheaper system of handling coal?—A. Yes, that was the point.

Q. May I ask you is this a new process of handling coal?—A. Not at all, except the methods themselves, hitherto they have hauled the coal from the mine over the railway itself and distributed it by cars.

Q. Yes, I understand that, my point is where did you go to make the investigation?—A. Where did I go? I did not need to go anywhere, that matter was within my own knowledge for the last twenty years. The point I wished to ascertain was whether I could secure the coal by boat at all at Lévis at a reasonable price, and I intered into negotiations with the Dominion and Nova Scotia Coal Companies to ascertain at what price we could expect them to bring coal to Lévis, before undertaking to provide facilities to handle the coal from the steamers to the cars.

Q. Was it within the knowledge of the department that the process would save this country so many thousands of dollars, and yet it had never been adopted?—A. Pardon me, I am a new man in the department. I had just come in; no one had ever considered it before as far as I am aware. I had considered it, and thought it would produce a very great saving, and I pointed it out to the minister. It was the first thing I took up after coming in.

Q. You say that you were in a hurry to get this new system adopted?—A. For that season.

Q. If you were in such a great hurry how did it come that you gave the order to one firm?—A. Because they promised very prompt delivery, in fact immediate delivery in their letter, that is the answer to that.

Mr. BOYCE.—I want to put in this copy of a letter from Mr. Wallberg to Mr. Butler, dated March 19, 1906:—

*(Exhibit No. 16.)*

‘MONTREAL, March 19, 1906.

‘Subject:—Coal-handling plants.

‘M. J. BUTLER, Esq.,

‘Deputy Minister, Railways and Canals,

‘Ottawa, Ont.

‘DEAR SIR,—I can furnish and complete in 2½ months from date of order coal-handling plants at Lévis and Campbellton for unloading vessels, and loading into cars or on ground for the following prices:—

‘For each plant:

‘For two locomotive cranes having 38’ booms, 1-ton grab buckets, these cranes being 7’ 3” gauge of track, and have a capacity of 3½ tons on 40’ radius.

‘The timber frame trestle having hard, pine floor timbering, and spruce posts, bracings and sills, these trestles to be from 30’ to 35’ high to suit the pier, and sufficiently long to enable the cranes to travel to suit vessels of about 2,000 tons coal capacity, the trestle to be equipped with a second track for light railway, and with suitable flooring.

‘Price for the above at either Lévis or Campbellton, \$24,800; or \$56,800 for the above equipment at these two places.

‘I can also furnish 600’ of trestle, together with a steam locomotive of suitable capacity to handle a train of six 4-ton dump cars as required at Lévis for turning the curve and delivering into railway cars below trestle, with suitable hoppers, &c., complete for the sum of \$13,500.

‘This, I believe, would give complete arrangements for handling coal from vessels to cars at both these places, and on most economical lines.

‘I can furnish for each of your division points, such as Chaudière Junction, Rivière du Loup, Ste. Flavie, Campbellton, Springhill Junction, Stellarton, Truro,

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&c., the necessary crane, coal and ash pits, and coal bucket designed to handle the coal and ashes on highly economical lines, as follows:—

‘For each station:

One locomotive crane for standard gauge track, boom 35’ to 40’ long, this crane having a capacity of 15 tons with 10’ radius and 3½ tons with 40’ radius.

‘Also reinforced concrete coal and ash pits, these to be side by side, and to be 8’ deep and 50’ long, surfaces to be faced with old rails at bottom, and part of the sides for protection, the railway tracks to be carried on the side of each pit on steel girders, and cast-iron columns.

‘Price for the above stations, \$12,650.

‘The railway would furnish the old rails free.

‘I can also furnish a 200-ton wooden coal pocket at each place for \$1,775 additional.

‘I have records from several railway stations where these plants are handling coal for cars, pits or storage pile to engine tenders at an average of 5 cents per ton, and I am informed that one crane at one point coals in this manner ninety-six (96) engines per day. At your stations a crane would in its leisure time handle all the ashes; switch, load and unload the cars both for coal and ashes, and would also trim the coal storage pile, and would raise and shift the tracks for same; would fill the coal bunker to be used in case of storm or emergency, and at the same time could be used for a day or two at a time away from this work for general lifting at the repair shops or elsewhere. The crane would have one car for use in bringing coal from distant parts of the storage pile to the coal pocket or coal pit so that any engine would be coaled at the same time that the ashes were being drawn, and fire clean.

‘I could undertake the work outlined above at once, and would have same completed in 2½ months, and possibly less. All detail plans and specifications for all the above would be submitted, and would be changed in detail if necessary to meet your approval before beginning construction.

‘Yours truly,

‘E. A. WALLBERG, C.A.’

Witness discharged.

Committee adjourned.

COMMITTEE ROOM 34,

HOUSE OF COMMONS,

THURSDAY, February 13, 1908.

The Select Standing Committee on Public Accounts met at 11 o’clock, Mr. Finlayson presiding.

The committee proceeded to the consideration of a payment of \$31,842.55 to E. A. Wallberg in connection with five locomotive cranes, as set out at W—36 of the Report of the Auditor-General for the fiscal year ended June 30, 1906.

Mr. E. A. WALLBERG called, sworn and examined.

By Mr. Boyce:

Q. What is your occupation, Mr. Wallberg?—A. I am a graduate in civil engineering, and a contractor.

Q. How long has that been your occupation?—A. For about 16 years.

Q. Where do you carry out that occupation?—A. In Montreal and throughout Canada.

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Q. You have been a contractor for 16 years?—A. Not on my own responsibility for 16 years. I was employed in a company for about five or six years of that time, the first five or six years; after that time I am in business on my own account.

Q. Are you a civil engineer?—A. Yes, sir.

Q. A certificated engineer?—A. Yes, post graduate.

Q. Are you an American citizen?—A. A Canadian citizen.

Q. By birth?—A. No, sir.

Q. By naturalization?—A. Naturalization.

Q. When were you naturalized?—A. Oh, some time ago. I do not know just when.

Q. How long?—A. I can't tell you that.

Q. I mean about how long?—A. About two years ago.

Q. You were naturalized since you had these dealings with the government?—A. Some of them.

Q. When did you come to Canada?—A. About—

Q. I mean the last time?—A. Well, I have been here continuously since I came here the first time, fifteen years ago.

Q. Did you have, at any time, any connection as a servant with the Browning Manufacturing Company; the Browning Engineering Company, isn't it?—A. No, sir, I did not.

Q. You never did. You were never in their employment?—A. No, sir.

Q. You never were their agent?—A. No, not a regular authorized agent.

Q. Will you tell me during the last five years what kind of business you have been doing, that is in Montreal?—A. My business for several years was contracting for machinery and the installation of machinery almost exclusively, to a certain extent, structural steel work.

Q. What would be the nature of your contracting? You would contract for the supply of machinery?—A. Yes, sir.

Q. And you would contract for a figure and buy the machinery outside below that figure?—A. Yes, sir.

Q. And you did not supply any articles yourself?—A. Manufacture them, do you mean?

Q. Yes?—A. No, I did not manufacture.

Q. You did not keep any establishment?—A. No, sir, no manufacturing establishment.

Q. You did not keep any stock in trade?—A. Oh, I have had from time to time a few things on hand.

Q. What was the nature of the stock in trade, if you had any?—A. Oh, well now, I have a great deal of machinery.

Q. You keep a lot of machinery on hand now?—A. Yes, contractors' equipment.

Q. But at the time that these matters, for instance, the locomotive cranes at Lévis, were tendered for, you were simply buying them on brokerage?—A. Buying them as contractor.

Q. You can put it which way you like. You were tendering to the government for an amount, intending to purchase these cranes at a less amount?—A. Yes, sir.

Q. Do you remember the early part of the year 1906 that you first got discussing the question of locomotive cranes with Mr. Butler, the Deputy Minister of Railways?—A. I believe that was the time.

Q. Yes, and you found from him, early in 1906, that the department would require five locomotive cranes at Lévis?—A. I can explain that in this way: it was a question of a coal-handling plant at Lévis, and I had spent a considerable time investigating the machinery to do that kind of work; and finally it came to a time when Mr. Butler asked for cranes to put on the Princess pier to unload the vessels and handle the coal there.



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Q. When did you spend time investigating that kind of work?—A. Oh, for some time previous to that.

Q. Had you ever supplied that kind of material before?—A. Not exactly that kind.

Q. So this was the first contract of the kind that you had ever had?—A. Well, I have supplied parties before, but not exactly that kind.

Q. During the early part of 1906, at any rate, you were in personal and written correspondence with Mr. Butler on the subject of a coal-handling plant at Lévis?—A. Yes, sir.

Q. You came up two or three times to Ottawa to see him?—A. I came up several times.

Q. At what time would that be, before or after you wrote the letter to him of March 19, 1906?—A. That letter pertains to what?

To coal handling plants at Lévis. (Exhibit No. 16 handed to witness).—A. This was before he asked for the tenders.

Q. Yes, I understand that perfectly well, but was it before you had seen him on the subject?—A. I believe I had seen him before that time.

Q. Yes, how many times?—A. Quite often, I cannot say exactly.

Q. You had been up here two or three times hadn't you, talking the matter over?—A. I doubt if it was over once, or twice, perhaps.

Q. I am not at all particular?—A. I do not remember just exactly.

Q. Well, it would be two or three times, would that be fair?—A. Well, perhaps.

Q. In some of these conversations you learned he wanted those five cranes at Lévis?—A. No, sir, not at that time. The proposition I do not think had assumed that stage at that time.

Q. What state was that proposition in, as you understood it, up to the time you wrote that letter of March 19?—A. As far as the department was concerned they had no proposition. I was trying to work up a proposition that would be economical to submit to the railway with a view to endeavouring to have them consider the matter of appliances for coal hauling the same as we had in operation in other special plants.

Q. Then at the last meeting you had with Mr. Butler on this subject, before writing the letter of March 19, how many of these cranes did you understand would be contemplated to make such an efficient plant as would be required for handling the coal?—A. Well, that letter refers to plants at several points.

Q. It is a letter in general terms?—A. With reference to any one plant, say at Lévis, we would not operate without having four or five cranes.

Q. Before you wrote the letter of March 19, had you looked over the ground at Lévis and made up your mind how many cranes would be necessary there?—A. I believe I did, in a general way.

Q. How many cranes had you made up your mind would be necessary for that particular work?—A. For Lévis?

Q. Yes.—A. About five.

Q. Then you wrote the letter of March 19 and that contained general suggestions with regard to coal-handling plants. You understood before this letter was written that a grab bucket would be required with each crane?—A. Yes, sir.

Q. This proposition that you suggest here in the letter of March 19 was not altogether satisfactory, was it?—A. It was not satisfactory at all.

Q. Did you bring the letter yourself to Mr. Butler and discuss it with him?—A. I do not recall it whether I did or not.

Q. With whom was the initiative for getting in this plant?—A. That was with me.

Q. And when did that become vested in you?—A. Well, Mr. Butler you will understand was not doing anything regarding this plant at all; it was a proposition I was working up.



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Q. The whole thing originated from your suggestion?—A. Yes, sir, this proposition.

Q. You worked it up?—A. Yes, sir.

Q. And the several interviews with Mr. Butler were with the idea of persuading him to your views?—A. Yes, sir.

Q. And you finally persuaded him?—A. No, sir, he would not have anything to do with it; he turned that proposition down entirely.

Q. You finally persuaded him with reference to the question of cranes?—A. I suppose all engineers had in mind a crane, but this was not a crane proposition.

*By Mr. Macdonald:*

Q. What do you mean when you say you worked up the proposition? Do you mean that you went to Mr. Butler and persuaded him to bring the coal to Lévis by water?—A. Oh, no.

Mr. MACDONALD.—Then you should be more careful what you say.

*By Mr. Boyce:*

Q. At any rate you say you initiated the coal handling proposition with Mr. Butler, you worked it up?—A. I worked up this proposition.

Q. Did you know before you put in this proposition that cranes would be wanted at Lévis?—A. No, sir, I—

Q. Then that was your proposition, wasn't it, that he should have these locomotive cranes?—A. No, sir, in regard to the cranes, this is not a locomotive crane proposition.

Q. It is not? Does it not refer to cranes?—A. Yes, it refers to them, but it refers to towers in connection with them.

Q. Were locomotive cranes suggested by you either before or after the letter of March 19th?—A. In the shape that the proposition finally assumed it was a matter of Mr. Butler's initiative.

Q. I know the stage that the proposition finally assumed, but did the suggestion as to locomotive cranes come from you or originate in the department?—A. Well, it is difficult to say that now: I talked that matter over when I interviewed Mr. Butler.

Q. And what did it ultimately result in?—A. It resulted in the proposition being turned down.

Q. Now, the proposition as contained in your letter of March 19th being turned down, you were in Ottawa at that time, weren't you, or shortly afterwards?—A. I may have been.

Q. Well, then, it was your proposition, wasn't it? When it was turned down by Mr. Butler, it could not have been Mr. Butler's proposition when he rejected it?—A. That was my proposition.

Q. When that proposition was rejected you were in Ottawa in conference with Mr. Butler, were you?—A. I was in Ottawa several times, I do not know whether I was just at that particular time.

Q. You can't tell me whether or not you were in Ottawa when this proposition of the 19th of March was rejected?—A. I know I saw Mr. Butler about the proposition.

Q. After the letter was written?—A. I saw him after that.

Q. And on the subject of that letter?—A. I presume so.

Q. And he intimated to you then that the proposition would be satisfactory. Now then, you got on to the subject of locomotive cranes?—A. I didn't take it up, the matter dropped then.

Q. How long did it remain dropped?—A. Oh, for some weeks: I presume some little time.

Q. How long did it remain dropped after the letter of March 19th and after  
1—3½

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your consultation on that letter? Did it remain dropped one week, according to your memory?—A. Well, I would not like to say how long it was.

Q. You would not like to say. At the interview at which the proposition of this letter of March 19th was turned down, the question of five or six cranes was decided upon wasn't it?—A. At that time?

Q. That is what I said?—A. You will have to ask Mr. Butler that. I don't know.

Q. What is your recollection about it?—A. I haven't any recollection about that particular time.

Q. What was your recollection? What was decided upon when the offer of 19th March was turned down, if there was anything decided upon?—A. There was nothing.

The CHAIRMAN.—As far as he is concerned.

*By Mr. Boyce:*

Q. I understand, then what was the next step in the transaction after the proposition of 19th March was turned down?—A. I do not remember whether I wrote any letters; if I did they are on file, but there was nothing definite transpired until Mr. Butler made his inquiry, for, I believe it was asking me to quote for a crane for coal handling.

Q. You have told me a little while ago that you knew Mr. Butler wanted five cranes for the work, is not that correct?—A. I did not say Mr. Butler wanted it. I said if there was a plant put up, any plant that would answer the purpose, it would be necessary to have five cranes. You understand that a ship has a certain number of holds. They are spaced at certain intervals, and a certain number of cranes have to be installed, if cranes are to be used at all, because a ship cannot remain waiting for one crane.

Q. You know at the time your offer of 19th March was rejected that five cranes would be necessary if they were to be used at all?—A. I did.

Q. Then you had an interview with Mr. Butler about the cranes, didn't you, after the offer of the 19th March was turned down?—A. I did, some time after, yes.

Q. And then you got a letter from Mr. Butler asking you to tender for five cranes?—A. I believe his letter stated for one crane.

Q. Therefore, you knew before that that five cranes were necessary?—A. I knew both before and after that.

Q. What do you say about that?—A. I say that I knew both before and after there would be five cranes if that plant was to be installed.

Q. Was it, or was it not, a matter of surprise to you when you received a letter asking you to tender for one crane?—A. It was not a matter of surprise, because one crane—it would, when you have the price of it be a simple matter to get five cranes, the price is the same.

Q. You could not supply five cranes any cheaper than you could supply one?—A. No, sir; the difficulty was to get any cranes supplied at all.

Q. Hadn't you ordered those five cranes at the time you were asked to tender for one, actually?—A. No, sir.

Q. You are quite sure of that?—A. Quite sure I didn't order them until I had the order; it would be a very unusual course.

Q. When did you order them?—A. I ordered them after I received the order from the department.

Q. How long did it take you to get the cranes after they were ordered?—A. It was very very quickly. You see the method pursued in the work is such that if you can get cranes at all you can probably get them at once. That is the Browning Engineering Company makes a certain line, except this particular type of locomotive crane they do not make any general crane and if they have any to dispose of out of the lot that they put through the shop at one time they can deliver quickly.

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Q. How much correspondence did you have with the company before you closed your order for the department for five cranes?—A. I had some correspondence.

Q. And you found out from them the price at which they could deliver, and the time in which they could deliver five locomotive cranes f.o.b. at Lévis?—A. I believe I found that out principally through conversations with their men.

Q. Did you go down there?—A. To New York.

Q. You went to New York?—A. I did.

Q. That is during the time you were being asked to tender for the cranes?—A. About that time.

Q. It was not during the time, it would be only after that say?—A. I won't be quite sure, but I think so.

Q. I would not think you would tender without knowing what the terms and price were?—A. I should think not.

Q. Then you knew at the time you made a tender, you knew that the cranes which you were to supply would be shipped immediately by the Browning Company?—A. Practically so, several of them, three of them, I think.

Q. Didn't you now, Mr. Wallberg, order those cranes from the Browning Manufacturing Company before you received the contract from the government?—A. No, sir.

Q. The correspondence in the possession of the Browning Manufacturing Company will demonstrate whether that is accurate or not, won't it?—A. It will.

Q. Did you order those cranes, when you did order them, by letter or telegram to the Browning Company?—A. I don't recall, it may have been by telegram confirmed by letter.

Q. Have you copies of those?

Mr. MACDONALD objected that the question was irrelevant.

(Argument followed).

*By Mr. Boyce:*

Q. Your communication with the Browning Company from whom you purchased these cranes was by letter, or telegram, or both?—No answer.

Q. Will you answer that question?—A. I answer it—yes.

Q. And up to what point did that correspondence continue with the Browning Company before you were advised that the cranes had been shipped?—A. Oh, there was practically a continuous correspondence until all the cranes were shipped.

Q. Had you ordered those cranes for any other purpose than for the purpose of the government?—A. No, sir.

Q. You had not ordered cranes from the Browning Company before?—A. No, sir.

Q. And those cranes that you did order were ordered specially for the purpose of filling the contract which had been awarded to you by the government?—A. Yes, sir.

Q. And for no other purpose?—A. Exactly.

*By Mr. Bennett:*

Q. Had you any deal with any other person for a similar number of cranes prior to this time?—A. Not that I recollect.

Q. When you say that you don't recollect whether you had a deal on with some person prior to this can't you be more certain?—A. No, sir, I had not.

Q. You qualified it by the words that you did not recall whether you had or not. Why do you want to qualify it that way?—A. I can answer, no, to that direct.

Q. Why did you answer that you did not recollect a moment ago?—A. Because I have a great many propositions on that that do not come to anything, and I might have had a deal on that with some person that I do not recollect just on the instant.



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Q. Would that be similar to this inquiry for similar cranes?—A. I did not have any previous to that.

Q. If you had answered it that way before I would have understood, but you put in the saver that you did not recollect it.

*By Mr. Boyce:*

Q. On May 16 you tendered for these cranes?—A. I believe that was the date of my tender?

Q. I have it here (producing tender) is that right. (Exhibit No. 6)—A. (After examining tender). Yes, sir.

Q. Did you send or deliver that letter to Mr. Butler?—A. I do not recall.

Q. Who did you understand had tendered before you made that tender?—A. On this same inquiry?

Q. Yes.—A. I had no particular knowledge of that.

Q. Had you any knowledge?—A. I had the knowledge that any man in any business would assume that competitors were bidding, that is all.

Q. Did you know who had been figuring upon those tenders?—A. No, sir.

Q. Did you know that the last tender had been put in on April 14 previously?—A. I had no knowledge of that.

Q. You had no knowledge of that?—A. No, sir.

Q. Did you know there was any haste required in getting the tenders in?—A. There was no date fixed.

Q. No date was fixed?—A. I understood Mr. Butler wanted delivery of the cranes as soon as possible.

Q. You understood that personally from him, didn't you?—A. Yes, sir.

Q. Notwithstanding that after the last tender was in, excepting your own, there was more than a month before your own came in, that is from April 14 to May 16?—A. Yes, sir.

Q. And during that time you were up in Ottawa?—A. Oh, no.

Q. Were you?—A. I was attending to my business.

Q. You are pretty positive about that; you say that between the 14th of April and the 16th of May you were not in Ottawa?—A. You mean at some particular time? I was here within that period.

Q. You were here between April 14th and May 16th?—A. Yes.

Q. In connection with these cranes?—A. Yes, sir.

Q. On May 16th you made your offer for the five cranes?—A. Yes, sir.

Q. How soon was it accepted after that?—A. Very shortly.

Q. How soon?—A. The date of the acceptance will show that.

Q. The recommendation of Mr. Butler to the minister went in on the same day, is that correct (handing Exhibit No. 7 to witness)? What do you say to that? You recognize that the acceptance of your tender went through on the same day as the tender is dated?—A. That is a matter of record in the department.

Q. And your tender was dated Montreal, 16th May?—A. That would not necessarily indicate that it was written in Montreal. I date all my tenders at Montreal.

Q. Then you say you put your tender in here personally?—A. I don't say that, I don't know.

Q. Do you tell this committee that you have no recollection whatever of the circumstances under which you put in that tender?—A. I do not know. I have no recollection of that.

Q. Your mind is a blank on the subject, is it? Your tender is dated the 16th May at Montreal. It is here and accepted on the 16th of May at Ottawa. Was it mailed at Montreal or was it delivered by you in Ottawa?—A. Well, I don't remember about that.

Q. Have you any recollection of being in Ottawa on the 16th of May, 1906? That is not very far back?—A. I am here so often I could not say that.



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Q. You can't say whether you were in Ottawa at the time you closed a deal for \$31,000?

Mr. MACDONALD objected to the question.

*By Mr. Boyce:*

Q. At the time you put in a tender involving over \$31,000 you do not know whether you did that in Ottawa or Montreal, and that is within less than two years?

—A. I don't remember that.

Q. Well then, we will see. You were advised, were you not, that your tender had been accepted?—A. Yes, sir.

Q. You have the letter of May 19th, 1906, from Mr. L. K. Jones, secretary of the department, accepting your tender (Exhibit No. 9 handed to witness)?—A. Yes, sir.

Q. Do you remember receiving that letter?—A. I do.

Q. You can remember what took place there three days later?—A. I know I had that acceptance.

Q. Did you receive that letter promptly, or were you away at the time that letter reached Montreal? Do you remember whether or not you were in New York?—A. It is pretty hard to remember that; I am travelling nearly all the time.

Q. You do not remember whether you were in New York or not when this letter was received? The reason I ask you is that you did not reply to it until May 29th?

—A. That would not necessarily indicate that I was in Montreal or that I was away.

Q. I was not insinuating that it did?—A. I do not know.

Q. You answered that letter on May 29th. Is that a copy of your letter in reply (Exhibit No. 10 handed to witness)?—A. That is a copy.

Q. Then what you say in your letter of May 29 addressed to Mr. L. K. Jones, secretary of the Department of Railways and Canals is:—

'I have your favour of the 19th instant, accepting my quotation for five Brown-ing locomotive cranes. The price of each of these cranes being \$6,380 in bond f.o.b. Lévis.

'I thank you for the order, and will do my best to expedite delivery.'

Q. At that time had you got the cranes ordered?—A. No, sir, I ordered them when I got the order.

Q. At the time you wrote that letter you hadn't got the cranes ordered. Did you order the cranes by letter, wire, or by personal interview?

Question objected to by Mr. Macdonald.

(Argument followed.)

Mr. Macdonald waived objection.

A. My order to them was by letter.

Q. Written after the letter just mentioned, eh?—A. I believe so.

Q. It must be so, because you have just said that at the time you wrote that letter you had not ordered them?—A. Yes, sir.

Q. So that is correct, isn't it?—A. I believe so.

Q. After the letter of the 29th May, you ordered by letter from the Browning Company of New York those cranes?—A. No, not New York, Cleveland.

Q. How long does a letter take—did you order them from Montreal?—A. I presume the order was sent from Montreal.

Q. The letter you have spoken of was written by you from Montreal to the Browning Company of Cleveland?—A. That would be the usual way.

Q. How long would a letter take to get from Montreal to Cleveland?—A. A day and a half or two days.

Q. In reply to this you got a letter back, did you, from the Browning Company that they would put the order into condition for shipment?—A. Yes, sir, something to that effect.

Q. How long after you wrote the letter to the Browning Company did you get a reply?—A. Oh, I believe that was almost immediately, by return mail.

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Q. That would be by return mail in four or five days, wouldn't it?—A. Yes, sir.

Q. On June 1st, you wrote Mr. Butler that the cranes were ready to ship?—A.

On June 1st.

Q. Yes. (Exhibit No. 11). A. I believe so.

Q. Would you explain that in conjunction with the evidence that you have just given.

*By Mr. Pardee:*

Q. What was the date of the order? That would have something to do with it.

*By Mr. Boyce:*

Q. May 29th?—A. Well, that would be easy to explain this way that I may have had wire correspondence with them—I saw their representative.

Q. I asked you that and you said that you ordered by letter. We will just go on for a moment. On June 1st you wrote a letter, is that your letter, or a copy of it? (Exhibit No. 11). A. Yes, sir.

Q. On June 1st you wrote from Montreal to Mr. H. J. Butler, Deputy Minister of Railways and Canals: 'Dear Sir,—Three of the locomotive cranes are ready to ship, and I have given instructions to ship them to I.C.R. at Lévis, Que., via Grand Trunk, care I.C.R. at Montreal'; you did not know at the time you were awarded this contract how quickly you could get these cranes?—A. Oh, I knew that.

Q. Did you know whether the cranes were in stock?—A. I knew they were just being completed, three of them.

Q. And were they being completed for you?—A. No, sir, not until my order was given.

Q. But were they completed in anticipation of your order?—A. No, sir—in the usual course of business.

Q. Had you ordered three cranes before you were awarded the contract by the government?—A. No, sir.

Q. I thought you said you had correspondence with the Browning Company looking to the possibility of your getting these cranes?—A. Yes, sir, and trying to get them to hold the cranes for me if possible.

Q. Just a word with regard to these cranes. When an order goes into the Browning Company for cranes, are they manufactured to fill the order?—A. No, sir, not if it is a short date order.

Q. They are kept in stock?—A. No, sir, they are manufactured in lots of say twelve or sixteen of No. 1, we will say. They go through the shop, that takes the whole shop capacity, and the agents sell those cranes.

Q. How long before would these be manufactured?—A. They may, at that particular time, be just about beginning, or half finished, or about completed; it just depends upon how things happen to be, in what shape they were when you make the inquiry.

Q. At any rate you knew that three of them you could get immediately?—A. I did.

Q. And you got them quicker than immediately, didn't you, judging by the correspondence?—A. Yes, sir, quickly.

Q. How do you explain that after May 29 you wrote, and you got a reply back, and yet on June 1 you could write and say they were ready for shipment?—A. How I got that information I can't say; the Browning's agent called on me in Montreal and I saw Mr. Browning in New York and it might have been by wire.

Q. Were you the person who ordered these cranes at all?—A. Certainly.

Q. So that you were the man who dealt with the Browning Company and nobody else?—A. Certainly.

Q. You are quite sure of that?—A. Quite sure.

Q. To whom did the Browning Company invoice these cranes?—A. They invoiced them to me.

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Q. To you, and were they sent to you?—A. The invoices? Yes, sir.

Q. The invoices were sent to you. To whom did you send them?—A. I sent the customs invoices to the department and the other invoices I kept.

Q. You sent the customs' invoices to the department?—A. Yes, sir.

Q. Who is the Steel Concrete Company, Limited?—A. That is a company of which I am the president for the purpose of doing reinforced concrete work and other construction.

Q. What did the Steel Concrete Company have to do with this contract?—A. Absolutely nothing.

Q. Who is E. C. Warren?—A. He is in the office in the employ of the Steel Concrete Company. Their office and mine are in the same room.

Q. The Steel Concrete Company, Limited sent the invoices for those cranes to the department?—A. That has no significance that I can see.

Q. I am making the statement, what do you say about it?—A. I believe if that is the letter it is true.

Q. How did they come to send it?—A. In my absence Warren writes his letters on the Steel Concrete Company's papers; he has made several mistakes like that because he was a new man and possibly assumed that it made no difference.

Q. I understand, yes. Had you any arrangement with Mr. Butler with regard to the duty on those cranes?—A. They were to be delivered in bond by me.

Q. That was the terms of your tender?—A. Yes, sir.

Q. But was there any arrangement between you and Mr. Butler with regard to that?—A. No, sir.

Q. There was not?—A. No, sir.

Q. There was not any arrangement between Mr. Butler and you that they were to be put through?—A. That was for the department.

Q. It was for the department to arrange that. After the cranes were landed, after you had advised the department on June 1 that the cranes were there, what did you next do—after the cranes were ready to ship?—A. I found out when the cranes were delivered and then we sent our men to unload and erect them.

Q. On June 2, you got a letter in answer to yours of June 1 from Mr. Butler (Exhibit No. 12 produced).—A. Yes, sir.

Q. And did you supply invoices to the department?—A. Yes, sir.

Q. This is the letter, and they were not supplied actually until August 7. That is the letter from the Steel Concrete Company to the secretary of the department, dated August 7, 1906, enclosing the invoices (Exhibit No. 14 produced)?—A. That is for the last two cranes, they came later.

Q. At any rate you supplied invoices for the department?—R. I sent them up here.

Q. Did you deliver them or send them?—A. Mailed them, I believe.

Q. You mailed them. And did you get invoices from the Browning Company too? You did not send down to the department the same invoice that the Browning Company made to you, did you? You got special invoices for the department to make this entry?—A. It could not be the same invoice because we had the freight, the erection and other charges of that description.

Q. No, I understand what your contract price was, but you bought these cranes from the Browning Company to sell to the government didn't you?—A. Yes, sir.

Q. That was the basis of the contract?—A. Yes, sir.

Q. And you got invoices from the Browning Company under your contract with them?—A. Yes, sir.

Q. Invoicing these cranes to you at a certain figure?—A. Yes, sir.

Q. By the way, what was that figure?—A. The customs invoice?

Q. No, the price the Browning Company charged you for the cranes.

Mr. JOHNSTON.—That has nothing to do with it.

Mr. BARKER.—The witness has not objected to answering the question.



*By Mr. Boyce:*

Q. That was the price from the Browning Company to you for those cranes?—  
A. Well, I have no objection to answering it but I do not know whether I should.

Q. Answer the question, you are the man? (No answer.)

Q. What was the price?—A. If it is in accordance with the ordinary procedure before the committee I will answer, but I don't see why I should be called upon to do so—I think it is my private business.

(Argument followed.)

The CHAIRMAN.—I would rule that there was a difference between the Merwin case and this. This is a case where the goods were supplied under contract after tender, and I would uphold the witness in his objection to answer the question. Merwin had no contract which makes all the difference in the world, the department went to him and bought the goods and he supplied them.

(Argument followed.)

The CHAIRMAN.—I have no objection to the witness answering if he wishes to do so.

The WITNESS.—If it is the rule before the committee that such questions should be answered of course I cannot withhold the answer. It is my private business and I do not like to reveal my prices unless I have to.

*By Mr. Boyce:*

Q. What do you say, then, do you decline to answer? If you decline to answer you must take the responsibility.

(No answer.)

Mr. BOYCE. I strongly object to Mr. Johnston talking to the witness while he is under examination.

The WITNESS.—I am perfectly willing to answer. Now, ask your question.

*By Mr. Boyce:*

Q. Give us the price per crane which you paid to the Browning Company for these cranes?—A. Well, the final price that I got them down to, and which I paid, for the cranes was \$5,200 apiece f.o.b. at Cleveland.

Q. Have you got their figure, their invoice?

Mr. PARDEE.—I do not think we need that, the witness has told you the price.

The WITNESS.—I haven't got their invoices.

*By Mr. Boyce:*

Q. Was that the actual amount you paid for these cranes to the Browning Company?—A. That was the actual net cash price that I paid for them.

Q. The price you paid for them?—A. Yes, sir.

Q. For the five?—A. At that rate.

Q. \$5,200 each?—A. f.o.b. Cleveland

Q. That was \$26,000?—A. Net for the five cranes.

Q. That is what you paid?—A. Actually paid.

Q. You paid that, I presume, after the government had paid you?—A. I want to explain something in connection with that—the Browning Company, before I tendered, quoted me on these cranes, and they quoted me a price that was too high, it was their ordinary price.

Q. That was before you tendered —A. I got back at them and I finally got them down to \$5,425 each. Then after I had taken the order the question of payments came up, and they stated that they were not in a position to carry the order and I would have to pay for on their terms, one-half on presentation of bills of lading and the other half 30 days from the date of the bills of lading, and they said that in con-



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sideration of paying them promptly, it saved a large amount, that they would get their money probably several months earlier than they could have gotten it for delivery in the usual way, that they would allow me the consideration of \$225 per crane, which brought it down to \$5,200 each.

*By Mr. Hughes (King's, P.E.I.):*

Q. You had to pay for it, or the equivalent?—A. I had to pay that additional.

*By Mr. Boyce:*

Q. What did it cost you to land those cranes f.o.b. at Lévis?—A. The freight charges on each crane was—practically \$170.

Q. Why did you say practically?—A. Because for the first three cranes it was actually \$504.63, and divide that by three it was practically \$170.

*By Mr. Hughes (King's, P.E.I.):*

Q. And then you had to set them up?—A. I had to pay the erection charges.

Q. How much were they?—A. I paid them at various times and amounts, and I cannot say exactly what those were.

*By Mr. Boyce:*

Q. But included in your contract price with the Brownings was a man and the erection charges?—A. No, just the cost of a man.

Q. And they paid the erection charges and debited them to you—wasn't the amount they debited to you \$53.70?—A. That was probably for part of the erection, but you see these works continued for some time.

Q. I understand that and it is in the accounts, the erection charges are here?

*By Mr. Hughes (Kings, P.E.I.):*

Q. Was that amount deducted from what the government paid you?—A. Part of it was, there were quite a number of charges and I cannot say what they were now. I didn't keep any particular record of them.

Q. Was not the amount that the government deducted, the amount that it cost to unload them?—A. And erect.

*By Mr. Boyce:*

Q. I see the item is for unloading only, I am wrong with regard to the erecting.—A. Yes, but there were some items for erection charges made besides, but that would be only a small one.

Q. How much more would the items that you paid for erection cost you in addition to the freight?—A. Oh, I can't say what that would be. I haven't any record of it.

Q. Would it amount to \$100 altogether?—A. A great deal more than that.

Q. It would be a great deal more than \$100, and yet you haven't any idea of how much it was?—A. I haven't any records of it you see, and I have a lot of payments to make.

Q. You can give me an idea of the freight and the cost of the cranes, but you cannot give me any idea about that?—A. Those were definite items for which I had the invoices. But the others were paid at different times and some of them probably were paid for me while I was on the road.

Q. What was your net profit on these cranes?—A. I figured that there would be 10 per cent. In addition to that I want to say this that after the cranes were put in operation—these were specially hard duties that these cranes were called upon to perform and there was a guarantee that I should keep these cranes in repair practically for a year and we had to supply five new booms which cost \$1,000 as well as some wheels and axles and other parts which we had to supply.

Q. Can you give me those figures? You are totalling a lot of things—A. I cannot give you the figures for the wheels and axles but the booms were \$1,000.

Q. We will just put it this way: when you had these cranes at Lévis with freight paid you had a profit of \$1,000 at least on each crane?—A. That is the price f.o.b. Cleveland plus freight?

Q. Yes.—A. That left about \$1,000.

Q. I am correct in that, leaving out the other items, that you had a profit of \$1,000 on each crane f.o.b. at Lévis?—A. Yes.

*By the Chairman:*

Q. That is on the cars at Lévis?—A. Yes.

*By Mr. Boyce:*

Q. You came up to Ottawa and got the vouchers certified—

*By Mr. Johnston:*

Q. Before passing from that you may as well give us, as nearly as you can, what it cost you to erect those cranes. You had a net profit, you say, of \$1,000 on each crane f.o.b. at Lévis.—A. That would not be profit, there was the cost of erection, etc.

Q. Then tell us what it represents—that is the way it reads on the record?—A. That would be merely the difference between the selling price at Cleveland and the price f.o.b. on cars at Lévis.

*By Mr. Boyce:*

Q. You said that you would have to pay the same price for five cranes as you would for one?—A. Yes, sir, there was no favour in it.

Q. Could you have got that reduction from that company if you had only bought one crane?—A. The reduction of \$225?

Q. Yes.—A. That was merely for financing, for the finance end.

Q. It would have made no difference you say whether there was one crane or five in the order, the price would have been the same?—A. The difficulty was in getting any cranes at all.

Q. If you had ordered ten cranes would you have had to pay the same price as for one?—A. Exactly.

Q. You know that is undoubtedly the rule?—A. I know, because there was no difference in five and I don't think there would have been in ten.

Q. Were you the agent of the Browning Company?—A. Not their authorized agent, no sir.

Q. You never were an agent of that company?—A. No, sir.

Q. Were you an agent of any description of crane?—A. I had represented crane makers before that as a general agent.

Q. I am asking you about the Browning Company, let us stick to that.—A. Please ask me the question again.

Q. Were you at any time agent of the Browning Company at Montreal?—A. No, sir.

Q. Who was their agent in Montreal?—A. They did not have an agent in Montreal.

Q. Had they an agent in Canada?—A. No, sir.

Q. You were not authorized to represent them in any way?—A. No, sir.

Q. Why did you have an invitation for tenders sent out to you as agent of the Browning Company if you were not their agent?—A. Well, I had talked Browning cranes, that was all.

Q. Did you represent to anybody that you were the agent of the Browning Company in order to induce anybody to give you the contract or to deal with you for the work?—A. I do not believe so.

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Q. You don't believe you did. Were you alone or was any one else interested with you in this contract?—A. Absolutely alone.

Q. And in the negotiations of it with the minister, or deputy minister, no one else assisted you?—A. Not in any way.

Q. So that when you dealt with the Browning Company you dealt with them merely as a broker?—A. As a purchaser.

Q. You were buying and selling the cranes on brokerage?—A. Not exactly. I had to construct the cranes after they arrived.

Q. When you had the conversation and the different interviews with the deputy minister at Ottawa, before you made the final great offer for these cranes, did you tell the minister that you were merely a broker?—A. I didn't tell him anything.

Q. You didn't tell him anything?—A. I merely tendered.

Q. But you were seeing him frequently at Ottawa before you tendered?—A. I never saw the minister.

Q. I mean the deputy minister, did I say the minister?—A. You said minister.

Q. I meant the deputy minister.—A. I saw him from time to time

Q. From the 14th of March to the 16th of May?—A. He understood I would have to buy the cranes.

Q. He understood you were only a broker and not an agent of the Browning Company, did he?—A. You will have to ask him that.

Q. What did you tell him? Did you conceal the fact from him that you were not in any way connected with the Browning Company?—A. I do not think we had any conversation upon that point.

Q. Are you positive about that?—A. I am quite positive.

Q. Then the deputy minister knew that you would have to buy those cranes in order to fill your contract?—A. I presume he did.

Q. He knew also that you would have to buy them from the Browning Company, didn't he?—A. If they were Browning cranes, yes, sir.

Q. Did he know the price at which you would get them from the Browning Company?—A. No, sir.

Q. Did he ever inquire?—A. No, sir.

Q. Where did you get the voucher made out for these cranes? At the Intercolonial Railway? Who made out the voucher for you?—A. I do not know anything about that.

Q. You do not know anything about that?—A. Do you mean the Intercolonial voucher? I do not know anything about that. (Voucher on file handed to witness.) I do not know who made this out.

Q. Did you ever see them before?—A. I have seen others which are very similar.

Q. Have you seen those before?—A. I can't recollect that.

Q. Did you take these to Mr. Butler to get him to certify?—A. No, sir.

Q. Were you there when Mr. Butler signed them?—A. No, sir.

Q. Did you ever have those in your possession before they were completed?—A. No, sir.

Q. You did not see them before they were completed?—A. No, sir

Q. When did you see them?—A. I do not know that I ever saw them before.

*By Mr. Johnston:*

Q. That is to your knowledge?—A. To my knowledge.

*By Mr. Boyce:*

Q. Did you ever see these vouchers before you got them now?—A. No, sir.

Q. Were these cheques for \$19,082.55 and \$12,760, respectively, handed to you?—A. I believe they went to the Imperial Bank.

Q. So that they were not sent to you?—A. They were my attorneys.

Q. They were sent direct to the bank?—A. You can tell by the invoice.



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Q. I see they are made to the Imperial Bank of Canada for credit?—A. That is what I thought.

Q. Both of them went to the Imperial Bank of Canada and were not handed personally to you?—A. No.

*By Mr. Macdonald:*

Q. Mr. Wallberg, I understood you to say that you had been doing business in Canada for about 16 years?—A. Yes, sir.

Q. In what capacity did you first begin to do business in Canada?—A. As a bridge draftsman, a bridge engineer, that was in company employ for about five years. Since that time I have been on my own account.

Q. In what company?—A. The Canada Bridge and Iron Company, Montreal.

Q. Then subsequently to your employment as a bridge engineer in that company, what business did you engage in?—A. I started in business for myself and have been so engaged ever since.

Q. How long have you been doing a general contract business?—A. For about eleven years.

Q. That is from being an engineer you became a contractor by the ordinary process in which engineers become contractors?—A. Yes.

Q. It has been intimated in some quarters, and I would like to know it from you, as to whether there is any relationship, through blood or marriage, between you and Mr. Butler, the Deputy Minister of Railway?—A. I may say there is absolutely none whatever, in any way.

Q. In any way whatever?—A. No sir, none whatever.

Q. Now do you know for what purpose these cranes were supplied at Lévis, in a general way?—A. I did know.

Q. What were they?—A. For coal handling; well, they were for placing on the trestle on Princess pier for unloading ships.

Q. You knew that previous to that time coal which was purchased in Nova Scotia had been hauled by rail from the mines there to the different points in Quebec, and that Mr. Butler inaugurated a new policy of bringing a portion of that coal by water to Lévis for distribution along the line of the railway in Quebec?—A. I know that.

Q. It was in accordance with the development of that policy that it became necessary to supply cranes to handle that coal at Lévis?—A. Yes.

Q. Which was the point at which the coal was received for Quebec?—A. Yes sir.

Q. And when you used the expression there that you worked up this matter, did we understand you to say that you had anything to do with the working up of the proposition of supplying coal at Lévis in that way, or merely that you looked into the question of what kind of machinery would be best adapted for handling the coal and taking it out of the vessel?—A. Just as to the various kinds of machinery.

Q. Had you had experience in that line as an engineer and contractor?—A. Yes sir.

Q. Now, was there any preference or advantage given to you by Mr. Butler in regard to the supplying or giving you figures for this work?—A. Absolutely none.

Q. Had you any preliminary knowledge of any kind as to what figures other people were offering?—A. I had no knowledge of them.

Q. You had no knowledge?—A. No sir.

Q. Was your offer of May 16th based entirely upon your own judgment and opinion other than what you received from Mr. Butler?—A. It was just based on my own opinion.

Q. As a purely ordinary business transaction?—A. Yes, that is so.

Q. The name of this company from whom you obtained these cranes was the Browning Engineering Company?—A. Yes sir.

Q. Of Cleveland. What is their particular line?—A. They make just this line



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of cranes, nothing else; not travelling cranes, that is what we call travelling shop cranes, but just merely locomotive cranes.

Q. I notice some offers here, Mr. Wallberg, from these other people, Watson, Jack & Co. and Mussen & Co. One of these offering cranes manufactured by the Interstate Engineering Company of Bedford, Ohio, that is Watson Jack & Co., of Montreal. That would be another concern, I presume, in the United States that manufacture cranes of that character?—A. Yes.

Q. Are there any cranes of that type manufactured in Canada, to your knowledge?—A. No.

Q. Were Watson, Jack & Company, and this other agent, offering cranes that were manufactured in the United States, and just offering them in the same way, as agents—not as agents but as brokers rather, engaged in Canada?—A. I suppose they are agents for the companies. I have some knowledge of Mussen and Hopkins being agents.

Q. You, yourself, were not an agent for this company?—A. No, I was not.

Q. But in other respects they were just like you, offering for sale goods manufactured in the United States and which are not to be obtained directly in Canada?—A. Yes, but of course I had the whole of the financial responsibility of the transaction, and the maintenance and repairs for a year.

Q. That was in addition?—A. Yes, so that it would mean I would have to have more remuneration than a mere agent.

Q. What about the maintenance for a year?—A. It meant, as I say, that we had to supply five new booms at a cost of \$1,000, and also some wheels and axles and some smaller parts.

Q. Which were necessary and ordinary repairs?—A. Which were extraordinary.

Q. And these were included in that amount?—A. There has never been any charge to the government for them.

*By Mr. Hughes (King's, P.E.I.):*

Q. Did you guarantee their operation for a year?—A. Yes, we guarantee their work for a year.

*By Mr. Macdonald:*

Q. This cost came out of your price?—A. Yes.

*By Mr. Savoie:*

Q. All this expenditure had to come out of your profit?—A. Yes sir.

*By Mr. Reid (Grenville):*

Q. Do you consider you have any claim for them?—A. No, sir, no claim whatever.

*By Mr. Pardee:*

Q. You were asked as to the difference between the price f.o.b. at Cleveland and what the government paid for these cranes. What was your net profit in the transaction after including the cost of repairs, &c.?—A. I figure, as nearly as I can tell, about 10 per cent, but we had all these repairs to furnish afterwards. Of course, out of that 10 per cent there was the \$225 for financing. I do not consider that really profit.

Q. That came out of you?—A. It came out of me.

Q. And whatever the cost of repairs is, that also came out of you?—A. Yes.

Q. So that, in figuring your net profit you figure less \$225 for financing and whatever the repairs might be for a year?—A. Yes, after you count the \$225 that would take out about  $2\frac{1}{2}$  per cent and leave  $7\frac{1}{2}$  per cent gross profit out of which these repairs would have to come.

Q. And did come, as a matter of fact?—A. And did come.

Q. What would these repairs cost?—A. \$1,500 anyway, I suppose.

Q. So that the 7½ per cent would be less by \$1,500?—A. Yes.

*By Mr. Reid (Grenville):*

Q. As I understand it you paid \$5,370 for these cranes delivered in Quebec?—A. Yes.

Q. You sold them at \$6,380, so you made \$1,010 out of each crane?—A. No, I did not make that.

Q. I mean gross profit?—A. Well, no, I do not think that should go down as gross profit, because I had the erection of them.

*Mr. Savoie:*

Q. And you had the erection additional?—A. I had the erection beside that.

*By Mr. Reid (Grenville):*

Q. As I understand that there were five cranes brought to Quebec, and before there was any work done on them at all there was a difference of \$1,010 each. He starts out with the cranes delivered at Quebec at \$5,370 each, is that correct, is that what they cost you?—A. Yes.

Q. And you got \$6,380 for them?—A. Yes, sir.

Mr. JOHNSTON.—\$6,360 is the invoice price.

Mr. BORCE.—Take the contract price, \$6,380, he is working on gross amounts, not net.

*By Mr. Reid (Grenville):*

Q. Then there is at \$1,010 each on that, making altogether \$5,050 on the five cranes and from that you deduct what?—A. \$225.

Q. You deduct \$225?—A. For financing.

Q. What bank did you pay that to?—A. I didn't pay that to any bank, I got that for financing these cranes; that was cut off.

Q. But I am taking the cranes at \$5,200, that is what you paid for them?—A. Yes, that leaves you a gross difference of \$1,010, and out of that you should deduct \$225 at once; the cost price f.o.b. at Cleveland was \$5,425; this \$225 was for financing, so that should be deducted off it.

Q. But you only paid \$5,200 for them, that is what you paid in Cleveland, that is actually what you paid?—A. Plus the financing.

Q. I do not understand that. Did you pay the Browning Company \$225 each in addition?—A. No.

Q. Then you paid actually \$5,200 each to the Browning Company?—A. Yes.

Q. Then there is \$175 for freight?—A. Yes.

Q. That makes \$5,370 is all you paid delivered at Quebec?—A. Yes.

Q. That is \$1,010 gross profit, is that right?—A. No, not gross profit because there is the erection to come out of that.

Q. Now, from that \$1,010 you deduct what?—A. Well, I deduct in the first place that \$225.

Q. Oh, leave that off.—A. Well, leave that off then; then I deduct the erection.

*By Mr. Pardee:*

Q. How much is the erection?—A. I say I do not know what the erection is.

*By Mr. Reid (Grenville):*

Q. Give it to us roughly?—A. I do not know what I would like to guess.

Q. Do I understand that in this contract the government contracted with you to deliver them in Quebec—this plant without anything as regards the erection at all?—What was your offer to the government?

Mr. MACDONALD.—(Reading from tender Ex. No. 6):—

'This includes the crane fitted up as per cut on page 1 of specification, and

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including a bottle-jack in each corner attached to crane; also cast-iron gear and brake covers. The crane will be equipped with a one-ton grab bucket with counterweight trolley; also double drum for operating same. I did not include the counterweight. The services of a competent man is included for superintending the assembling, adjusting and initial operation of each crane.'

*By Mr. Reid (Grenville):*

Q. Well, remember what is in that letter there. Does not the Browning Company supply these, this includes the crane fitted up?—A. Yes, sir.

Q. Is not all this included in this letter except the man? What did the Browning Company supply?—A. They furnished the cranes knocked down, that is in small pieces in the car.

Q. Everything else was in the contract with the Browning people, wasn't that right?—A. Well, it was construed by the department that that should include the cranes erected and put together at Lévis.

Q. But outside of that everything else in this was with the Brownings?—A. Yes.

Q. Did not the Browning Company send a man here to erect it?—A. To superintend the erection.

Q. That man, supplied by the Browning Company, came, and you did not have to do anything there?—A. No.

Q. So that the Browning Company supplied that?—A. No, but it is the labour.

Q. Now then, the cranes came there knocked down, as I understand?—A. Yes.

Q. Did you put them up at your own expense or did the Browning Company do it?—A. The railway interpreted the contract that the cranes would have to be put up at the contractor's expense and they put on the labour and billed me for it.

Q. But did the Browning Company furnish these men?—A. Only the one man to superintend.

Q. And you erected them?—A. I furnished the labour and paid for the labour.

Q. And it was not put into the government for the labour of erecting them?—A. A bill you mean from me?

Q. I mean did not the government furnish their men to erect the cranes?—A. And they charged them to me.

Q. And you paid them how much?—A. It was charged in various invoices, I do not recall how much it was.

Q. Would \$100 cover it?—A. No, I do not think so.

Q. Would it be \$200?—A. No, I do not think \$200 would erect them.

Q. Each crane?—A. Oh, I think it would erect each crane, yes.

Q. How much would be a fair price?—A. Probably \$100 per crane.

Q. That is \$500 for erecting?—A. Yes.

Q. \$500 off \$5,050, that is \$4,550, is what your net profit was on these five cranes; is that right?—A. No.

Q. Outside of the year's repairs—up to that point you are \$4,550 ahead, isn't that right?—A. Yes.

Q. In addition to that you say you guaranteed them for the year and if there were any repairs you had to replace them, is that right?—A. Yes.

Q. Well, then, have you had to make any repairs within the year?—A. Yes, I have.

Q. What were they?—A. Replacing the booms.

Q. How much expenditure have you put on them?—A. Well the booms were \$1,000.

Q. You paid \$1,000 for them? You have spent \$1,000 already. Have you paid out \$1,000 for repairs on them within the time?—A. The booms were \$1,000.

Q. Well, but have you paid that out? Has it come out of the \$4,500?—A. If it hasn't it will.



Q. But has it come out of you yet?—A. Well, it will have to if it is not out already. I have not settled it yet.

Q. You have paid \$1,000 out over and above the other amounts mentioned?—A. we have supplied the material costing that.

Q. But have you paid it out, or did the Browning Company agree to keep them in repair for a year?—A. No, I don't think so.

Q. Was not the agreement that the Browning Company gave you their guarantee for one year?—A. No.

Q. Are you positive of that?—A. I am positive.

Q. Were they not bound in this agreement here?—A. It is not in the agreement.

Q. It is a verbal understanding, is it?—A. No, the department ruled that I understood the duty that the cranes were to perform, I was here, and I was responsible.

Q. When was that ruling given?—A. Mr. Butler ruled that way and I had to do it, that is all.

Q. When you put them up was there any understanding to that effect, when you made the arrangement with Mr. Butler?—A. I assured him when putting in my tender that the cranes would do that work.

Q. But was there any letter from Mr. Butler to you, or from you to him, guaranteeing them for a year?—A. No.

Q. Then, when you put them up and got your pay for them you expected you were clear absolutely?—A. Well, I thought so.

Q. There was no reason why you should not be so, the government had no right nor claim on you, witness, had they?—A. I don't know, they ruled they had.

Q. You have not any letter from them since to that effect,—have you—from the department ruling that you must guarantee them for a year?—A. No, I have not any letter, but if Mr. Butler said I had to replace the parts within a year—

Q. When did he say that?—A. Some time ago, when the booms broke.

Q. He said that when they broke?—A. Yes.

Q. How many of them broke?—A. Several broke at different times. I think three or four gave out in different ways, due to various causes. I was not in a position to dispute it.

Q. Did you replace them?—A. Browning did.

Q. You have never paid Browning yet?—A. I have not settled with the Browning Company.

Q. You have not paid it? (No answer.)

*By Mr. Macdonald:*

Q. Why don't you get to the point? Was Browning to pay for it or were you to pay for it?—A. Browning has not guaranteed them.

*By Mr. Reid (Grenville):*

Q. The point is, is not Browning keeping them in repair?—A. Well, he is supplying the parts.

Q. Certainly you did not expect to pay for them, the Browning Company has never billed them to you?—A. Well, the matter is in abeyance.

Q. Then, that is all right, you say Browning has to pay them, you will hold Browning to pay them?—A. I don't know that we will say that.

Q. Well, accept that, take it for granted. Now, then, what other amount is to be deducted from these figures. I understand it is \$4,550, up to that?—A. Yes.

Q. So that your actual net profit is \$4,550 on that contract?—A. Gross profit. There is that item of financing out of that.

Q. Outside of that your net profit is \$4,500?—A. Then we have the cost of erection, you understand.

Q. Well, never mind that.—A. On that basis that is the gross profit.

Q. We are allowing that, so that your net profit is \$4,550 on what cost you



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\$26,850, that is five times \$5,370. I do not want to put it wrong. They cost you \$5,370 each.

The CHAIRMAN.—That is at Quebec on the train.

Q. Five times that is \$26,850. Mr. Wallberg made \$5,550 less \$500 for erection at \$100 each, that is \$4,550 and that is his net profit.

Mr. LAW.—Less \$225 that Mr. Wallberg says he is to be allowed for financing.

Mr. MACDONALD.—I think the best way would be to ask Mr. Wallberg to hand into the committee a statement of how that matter stands. I think the whole thing is outside the question altogether, after he obtained the contract by fair tender, and after competition I do not think that it is a question before this committee what the man made. I would suggest that Mr. Wallberg, in order to satisfy Mr. Reid and other members, should give to the committee a statement of how the matter stands.

*By Mr. Boyce:*

Q. Mussen & Co. were agents for that company?—A. I understand that Mussen was agent for the McMuyler Manufacturing Company.

Q. And Hopkins was the agent for the Industrial Works?—A. Yes, sir, I believe so.

Q. And Watson, Jack & Company were for the Interstate?—A. Yes, I think so—I had no knowledge of that.

Q. Between the time that you commenced to negotiate with the department with reference to coal handling plants at Lévis, or coal handling plants generally, and to figure on them with the idea of tendering ultimately, had you all that time the Browning plant in view, or were you just considering which you would choose?—A. I was considering several others.

Q. You were not committed during all that time to the Browning plant?—A. No, sir.

Q. You were not actually committed to the Browning plant until you put in your tender on the 16th of May?—No, I was not.

Q. And were you then committed to the Browning plant?—A. Yes, because we specified the Browning No. 1.

Q. So that up to the time when you put in your written tender on the 16th of May you were not committed, as far as the department was concerned, to the Browning plant? It was the Browning crane that seemed to be more satisfactory from your point of view?—A. I believe it is the best.

Q. What merit had it, for instance, over the other cranes, the Interstate, the McMuyler and the Industrial?—A. That is all a matter of mechanical detail, being made heavier and better workmanship.

Q. Did you, prior to the time you put in your tender, decide that the Browning crane was in any way superior to the other cranes for which there were agencies in Canada?—A. I always considered it the best, but was afraid I would not be able to get cranes from them to supply.

*By Mr. Barker:*

Q. Do I understand you that you did not represent to the government that you were the agent of the Browning Company?—A. I don't believe that I represented that.

Q. You did not represent to the government, or the department, that you represented them in any capacity whatever?—A. I don't think I represented that.

Q. You did not represent to them that they could only get these cranes through you?—A. No, I did not represent that.

Q. As a fact you were not their agent or representative or the sole person with whom the government could deal?—A. No.

Q. As a fact I presume the Browning Company would have sold to any person who had the money?—A. I presume so.

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Mr. BOYCE.—That is all with regard to the crane. But there are other questions that will take a long time and I do not want to open up another case and have to break off in the middle of the examination, so that if we can fix another day Mr. Wallberg can come back.

Mr. MACDONALD.—It is understood that Mr. Wallberg will hand in that statement I asked him to make?

The CHAIRMAN.—That is understood.

(Examination of witness resumed.)

*By Mr. Boyce:*

Q. Didn't you get a commission from the Browning Company on these articles, on these cranes?—A. No, sir.

Q. There was nothing allowed you?—A. That price was absolutely net.

Q. \$5,200 was the net price, there was no commission?—A. Yes, sir, the net price.

The Committee adjourned.

HOUSE OF COMMONS,

COMMITTEE ROOM No. 30,

THURSDAY, February 27, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the chairman, Mr. A. K. Maclean, presiding.

The committee proceeded to the further consideration of a payment of \$31,842.55 to E. A. Wallberg in connection with the purchase of five locomotive cranes, as set out at page W-36 of the Report of the Auditor General for the fiscal year ending June 30, 1906.

Mr. E. A. WALLBERG, recalled.

*By Mr. Macdonald:*

Q. When we adjourned, Mr. Wallberg, it was understood that you were to prepare certain statements. If you have them with you we might as well receive them now?—A. I have prepared a statement of the cost of five locomotive cranes which I furnished.

The CHAIRMAN.—You might read that statement.

*By Mr. Macdonald:*

Q. That is the statement of the cost to you of the locomotive cranes?—A. Of the five locomotive cranes furnished by me for the Intercolonial Railway at Lévis.

(Document produced and filed as Exhibit 17.)

'Cost to E. A. Wallberg, contractor, of five locomotive cranes furnished to Intercolonial Railway at Lévis:—

Net price paid Browning Engineering Company.. . .	\$26,000 00
Interest for average of two months on amount advanced to Browning Engineering Company, \$26,000, at 7 per cent. . . . .	303 33
Expenses of one trip to New York. . . . .	70 00
Expenses of three trips to Ottawa. . . . .	30 00
Expenses of two trips to Lévis. . . . .	25 00
Personal time: 4 days in New York, 3 days in Ottawa, 4 days in Lévis, 2 days in Montreal—13 days at \$20.	260 00

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Freight on cranes. . . . .	850 00
Labour of erection, estimated. . . . .	500 00
Proportion of fixed charges on my business, chargeable to contract, \$31,900, at 2 per cent. . . . .	638 00
Total cost. . . . .	<hr/> \$28,676 33
Contract price to Intercolonial Railway. . . . .	\$31,900 00
Cost. . . . .	<hr/> 28,676 33
Profit. . . . .	<hr/> \$3,223 67

Equal to 10 $\frac{1}{2}$  per cent of contract price.'

Q. You have here another statement containing certain facts; what does that purport to be?—A. That shows, in a general way, a number of other transactions which I have had with other companies.

Q. Is it relating to this?—A. It is relating to cranes and relating to other equipments, machinery, &c., and showing the percentages of profit on them.

Q. Will you put that in?

(Document handed in and marked Exhibit 18.)

(Exhibit No. 18.)

'Sold six cranes in one lot to Canadian Pacific Railway for a United States Company—gross profit, 25 per cent.

'Sold about 100 cranes to Canadian Pacific Railway and a large number of other companies, as agent for a United States Company, and without any financial or other responsibility.

'Minimum profit 10 per cent plus profits on erection, &c.

'Have sold goods, as agent, to the following concerns in Ottawa:—J. R. Booth, F. B. Eddy Company, Bronson Company, J. Powers & Company, W. J. Campbell & Company, Canada Atlantic Railway, Parry Sound Railway, George Goodwin, Clemow Estate, Ottawa Car Company, Ottawa Foundry Company, Davidson & Thackray, Ottawa Electric Company, Ottawa Amateur Athletic Association.

'In the same way I could cite names of 200 or more customers, all throughout Canada from Vancouver to Sydney, to whom I have sold goods as agent.

'(Sgd.) E. A. WALLBERG.'

Mr. BOYCE.—I did not understand the witness was asked to produce a statement as to what other concerns he has sold goods to.

Mr. MACDONALD.—Oh, quite so; I asked him, and the record will show that I asked him to prepare two statements, first, what the cost was to him of those cranes, and secondly, a statement showing transactions of a similar character with other companies dealing in goods of this character, in order to indicate what profit he made.

Mr. BOYCE.—It had escaped my memory if you did.

By Mr. Reid (Grenville):

Q. Mr. Wallberg, on this statement (Exhibit No. 17) I see that you have an item, 'Interest for average of two months on amount advanced to Browning Engineering Company on these cranes'?—A. Yes, sir.

Q. How much did you advance on the five cranes?—A. \$26,000.

Q. That is what you paid for them?—A. Well, that is what I paid for them, but I paid that out in advance of the time I received my payments from the railway.

Q. That is in advance of the time you got your money from the government?—A. Yes.

Q. That is, you borrowed the money or, at least, advanced your own money?—A. Yes.



Q. And you had two months interest to pay on that?—A. Exactly.

Q. That you paid to the bank?—A. To the bank or whoever I got it from—if it was my own money it would be the same, I was entitled to it.

Q. I understand you were entitled to interest on it. So that you were out of the money actually for two months?—A. Yes.

Q. Did the Browning Engineering Company ask you for any advance or did you have to pay for them before they were shipped?—A. I paid them on the receipt of the documents.

Q. On receipt of the bills of lading?—A. Yes.

Q. You did not advance any money until they had been shipped?—A. No, sir.

Q. Have you got the dates of the bills of lading?—A. No, I haven't it here.

Q. Did you invoice them as soon as they were shipped?—A. No, sir.

Q. Or did you invoice them as soon as you got the bills of lading?—A. No, sir, I did not. They were completed before I invoiced them.

Q. Completed in Lévis?—A. In Lévis.

Q. They were to be put in at Lévis?—Yes, sir.

Q. Did the government advance you any money when the bills of lading were due?—A. No, sir.

Q. They did not advance you anything until they were completed?—A. No, sir.

Q. Now this invoice is dated on June 30. Have you got the bills of lading showing the date these were shipped?—A. No, I have not.

Q. Have you original invoices from the Browning Engineering people?—A. No, sir.

Q. You cannot tell us the date they were shipped?—A. No, I can't tell you that.

Q. We want to know what date they were shipped.

*By Mr. Macdonald:*

Q. You can tell that by reference to your files at home, I suppose?—A. Oh, yes, I can get that.

*By Mr. Reid (Grenville):*

Q. You can get that?—A. Yes.

Q. Now this invoice is dated June 30; were these cranes shipped from the Browning people two months before that?—A. That I could not say—that invoice has no direct bearing on the date they were shipped, because that invoice was held after it was taken. The date I received the money was the date I took in making up that statement.

Q. You rendered your account on June 30, 1906, for 'three locomotive cranes delivered at Lévis in bond, complete and in working order at \$6,380 each, less labour for unloading,' is that the date the machines arrived at Lévis?—A. That would be some days after they arrived at Lévis.

Q. Some days afterwards?—A. Yes sir.

Q. Was it a week afterwards?—A. Yes, it would be.

Q. About a week afterwards? Then the machines must have arrived there about June 25?—A. I can't recall that date, I can't tell.

MR. MACDONALD.—You had better not give this on your memory, if you want information bring it from your office, it is no good going on supposition.

*By Mr. Reid (Grenville):*

Q. Here is an invoice made out on June 30?—A. Yes, but the time I am charging for is from the date I paid out the money, not the date of the invoice.

Q. I want to find out the date these cranes arrived at Lévis?—A. Has that any direct bearing at all on this charge for interest?

Q. Were the cranes at Lévis at the time the invoice was made out?—A. They were there when I billed the government for them.



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Q. Is that the correct date, June 30?—A. I will make a statement of the days and dates and produce it so that you will get it exactly.

*By Mr. Taylor:*

Q. Can you produce at the same time the original invoices?—A. Well, if they are there.

*By Mr. Reid (Grenville):*

Q. How long after these machines arrived at Lévis before you made out the invoice to the government?—A. That is pretty hard to recollect now, the machines were there and had been there for some days. I can't say just how many days.

Q. Were they there a month? Were they there on the first of June, a month previous to this invoice?

Mr. MACDONALD.—We are going to have a statement giving the exact days and dates, what is the use of asking this witness that question when he tells you he can't say exactly?

Mr. REID (Grenville).—I will tell you what I think he should say, Mr. Macdonald, that confirming this statement here I want the date on which the cranes arrived at Lévis, or a certificate from the railway people at Lévis giving the date, or let him produce his railway receipt showing what time these machines arrived at Lévis—can I get that?

Mr. MACDONALD.—I would offer no objections to your getting that.

Mr. REID (Grenville).—I also think he should give us a statement of the date on which he paid the company for these cranes and a statement of the date when he was paid by the government.

The WITNESS.—That is the period I am charging for.

*By Mr. Reid (Grenville):*

Q. Did the government issue a cheque for this \$19,082.55 on the 30th June?—

A. That was held—those cheques were held for a considerable time.

Q. Yes, paid on the 10th of September—

Mr. MACDONALD.—That is when they were paid; I think Mr. Butler said the cheque was made out on the 30th of June and held for a considerable time.

*By Mr. Reid (Grenville):*

Q. What I want is a statement showing when these cranes were received at Lévis. The whole five of them were not received at Lévis at the same time?—A. There were three received first and then two.

Q. How many were received the first time?—A. There were three in the first shipment and two in the second shipment.

Q. Well, now, they were all invoiced, the whole five cranes were invoiced on June 30, 1906, that is the date they were invoiced, and on June 30, 1906, the government issued two cheques payable to the Imperial Bank of Canada at Montreal, E. A. Wallberg. The one issued on the 30th June, 1906, for \$19,082.55 was paid on July 30, 1906, one month after that, and the other was paid on September 10. Now, Mr. Wallberg, will you bring the dates as to when—

*By Mr. Reid (Grenville):*

Mr. MACDONALD.—Give us the dates of the receipt of these goods, the dates of the payments to the company and the dates of the receipt from the government of the payment of them. That is three dates.

*By Mr. Boyce:*

Q. Yes, and the originals from the Browning Company?—A. Yes, if I have them.

Q. You must have them, because they were sent in triplicate?—A. You see the Browning people drew on me from time to time on drafts, and I do not know whether

they rendered a complete invoice or not. It is often customary to do those things by correspondence, and finally they say we invoice for so much, balance of our account.

*By Mr. Macdonald:*

Q. Bring all those if you have them?—A. I will bring them.

*By Mr. Reid (Grenville):*

Q. Bring also the freight bills to show the amount you paid to the railway?—A. I have the freight bills for the first three, but with regard to the other two I do not believe they were ever rendered to me; they were paid by me at Lévis personally.

Q. But you can get copies from the railway?—A. I can get copies.

Q. I see you have charged here a 'proportion of fixed charges on my business, chargeable to contract, \$31,900 at 2 per cent, \$638.' How do you explain that?—A. That is the fixed charge of operating my business, and it is the lowest in fact I have ever heard being charged by any concern in business. The usual allowance for selling goods by United States companies is 10 per cent.

Q. So that you expect to make a percentage in addition to the other profits?—A. I am not making a profit in that item; those are the fixed charges, the expenses of operating my business. That is a low figure, as low as anybody can operate any business for.

Q. Your business is simply that you had an office in Montreal?—A. Yes, and I had during last year about 30 engineers employed, and other things in proportion, and they do not pay for themselves.

Q. You have an engineer on each work you have a contract for?—A. Well, I have more than that. I had on one job last year about a dozen engineers.

Q. I suppose on each job you charge the engineers' work and time to the expenses of that job?—A. Those that are on that job, but those men employed in the Montreal office in general work have to be charged to the fixed charges.

Q. You have engineers in the Montreal office whose time you charge up to the fixed charges?—A. Yes, and they work on everything. I cannot charge them to any one thing.

Q. According to this statement you are showing a profit of \$3,223.67 on the five cranes?—A. Yes, sir.

*By Mr. Boyce:*

Q. Do you charge two per cent of all these amounts you pay to these engineers?—A. The general engineers that are not on definite work are chargeable to the fixed charges.

Q. Is this amount made up on this basis that of the thirty engineers you have been employing you have charged two per cent on this contract?—A. Like every other business concern, I distribute my fixed charges over every contract whether they are more or less, that is the practice.

Q. To what extent does that 2 per cent go?—A. That is two per cent of my gross fixed charges for operating my business. Whether my work is more or less on the individual contract two per cent is the charge.

Q. On what year's business did you make up that two per cent?—A. On the year in which these crane sales took place.

Q. Was that two per cent of your whole operating expenses of that year?—A. Yes, sir.

Q. Including the thirty engineers?—A. No, not of thirty.

Q. Isn't that what you said?—A. Those in the Montreal office, irrespective of those on definite contracts, it is the same as office expenses, lighting or anything else; it represents the general expenses.

Q. That is two per cent for lighting, &c., and the salaries of everybody in your employ except those on specific contract work. Is that correct?—A. Yes.

Q. So that you debit this contract with two per cent of the general outlay?—A. Of the general expenses.

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Q. Is there anything included there for yourself?—A. Not in the office, but when I was out travelling on this contract my travelling expenses are included.

Q. In the general running expenses you haven't charged anything for E. A. Wallberg?—A. No, sir.

Q. There is nothing included there for your lost time, or otherwise?—A. Expenses on trips—except where devoted especially to this work.

Q. You have charged here \$20 per day for yourself?—A. Yes, when specially on this work.

Q. So that you have charged for time you have devoted to this work, and then the balance afterwards is profit, that is irrespective of payments to yourself of \$20 per day during the time the work is going on?—A. Most certainly. That \$20 is a small fraction of what my time is worth.

Q. So that the net profit of \$3,223.67 shown by this statement made by yourself on this contract is net profit, after allowing to yourself \$20 a day during the whole time the contract was going on?—A. Oh, no, you are wrong.

Q. I meant during the time you were attending to the work?—A. No, that is wrong, it is specifically stated there—

Q. I don't understand your statement then?—A. There are only thirteen days time charged.

Q. Thirteen days at \$20 a day?—A. Yes, that is the time I travelled especially on this business and the time I devoted especially to it.

Q. Thirteen days at \$20 a day is the time that you specially devoted to this contract?—A. Yes.

Q. That is \$260, in addition to which you charged for expenses?—A. Travelling expenses.

Q. In addition to that, you charged your travelling expenses?—A. Yes.

Q. So that your net profit is arrived at after allowing yourself for the actual supervision of the contract \$20 per day and your expenses while away?—A. Undoubtedly.

*By Mr. Macdonald:*

Q. Did you ever hear of any business man that figured his accounts any other way?—A. I never heard that railway fares were profit.

*By Mr. Boyce:*

Q. During this time you had other contracts running?—A. Certainly.

*By Mr. Reid (Grenville):*

Q. How many engineers are working in your office?—A. They vary, I could not say.

Q. How many have you now?—A. At the time this contract was running I had about twelve or fourteen people there, I think.

Q. That was in your office at Montreal?—A. That is in my two offices—three offices in fact, I have three offices.

Q. Who were in your other offices?—A. I had my drafting room apart from my other office.

Q. That is in Montreal?—A. Yes, sir.

Q. How many have you there now?—A. Well, most of the men are out just now. There are only six people there now.

Q. But the other men that are on these other contracts?—A. Oh, they are all at work, I shift them around from time to time as they need.

Q. Have you more than six people on your permanent staff in Montreal?—A. Yes.

Q. Regularly?—A. Yes.

Q. All the time?—A. Do you mean engineers? Not all the time, because as I say there are not many just now. I take them in and move them out as I need them.

Q. You have no other business but these contracts?—A. What do you mean by 'these contracts?'



Q. That is the contracts that you have from the government?—A. Well, certainly I have; I have had ten times as many contracts with private concerns as I have had with the government.

Q. For buildings?—A. For all kinds of work, practically all kinds of work.

Q. Have you erected any large buildings?—A. Yes, I have.

Q. Can you tell us any large buildings you have erected?—A. I can tell you, but is it necessary to go into that.

Q. Can you tell us any that you have built complete, that is the building itself?—

A. Yes, I can, I can give you a very recent instance, several buildings. One of our last contracts is at Glen Miller, in Ontario, for a paper mill.

Q. The building, I mean?—A. Yes, the building, exactly, but I don't see that has anything to do with this case.

Mr. BOYCE.—That is all I want to ask at present in reference to this item.

The CHAIRMAN.—If that item is closed it is understood we do not go back on it, I suppose.

Mr. REID (Grenville).—Oh no, he is to bring some statements here and we may have to examine him on the statements, we cannot close it up now.

Witness retired.

Mr. BOYCE.—With your permission, Mr. Chairman, I will take up the item of \$4,895.28 paid to Mr. E. A. Wallberg in connection with the heating of car shops at Moncton, Page W-27 in the Auditor General's Report for the year ending June 30, 1906.

Mr. WALLBERG.—There was no reference made in my summons to that item, but I will answer all the questions I can from memory.

Mr. BOYCE.—I did not think I was taking you by surprise, this is an item of which I gave you notice the other day.

Mr. WALLBERG.—I beg pardon, there were only two items, these cranes and the steel beams, but I have no objection to give you all the information I can from memory.

Mr. MACDONALD.—You haven't brought any of the papers in regard to this matter, nor have you refreshed your memory regarding the item?

Mr. WALLBERG.—No, I have not, but I think perhaps I can answer the questions, I will try and answer the questions if I can, and I will produce the papers if required. If there is anything I can't answer I will produce the papers afterwards.

The committee proceeded to the consideration of a payment of \$4,895.28 to Mr. E. A. Wallberg in connection with the fan system of heating car shops at Moncton, as set out at page W-27 in the Auditor General's report, 1905-6.

Mr. E. A. WALLBERG, called.

*By Mr. Boyce:*

Q. When did you first become a government contractor?—A. The first contract with the government was several years ago, perhaps four or five years ago, something like that.

Q. When did you first become a civil engineer?—A. About sixteen or seventeen years ago.

Q. Through what university did you go?—A. Through the State University of Iowa and afterwards—

Q. You have a regular diploma, have you for civil engineering granted by that university?—A. Yes, and afterwards I pursued post graduate studies in civil engineering at the Massachusetts Institute of Technology.

Q. You have no degree in Canada?—A. No, sir.

Q. Now, during the year 1906—let me see—A. Just a moment, I would like to



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say, when you speak of a degree in Canada, of course the Canadian Society of Civil Engineers controls the professional standard to a considerable extent. I am a member of that.

Q. Are you qualified to call yourself a civil engineer in Canada?—A. Undoubtedly.

Q. By what authority?—A. By the authority of being a graduate in civil engineering with the diploma of a civil engineer and being a member in good standing of the Canadian Society of Civil Engineers.

Q. So that you are a member of the Canadian Society of Engineers?—A. Yes.

Q. Only a civil engineer can become a member of that society, is that correct?—A. No, sir, mechanical engineers and electrical engineers may become members.

Q. Then you did not become a member of that society by reason of being a civil engineer of the Iowa College?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. Are you a graduate of the Boston Tech?—A. I took a post graduate course.

*By Mr. Boyce:*

Q. During the year 1906 you had a number of contracts going on with the government?—A. Yes sir.

Q. There was the building of car shops at Moncton, \$4,895.28?—A. Please repeat that.

Q. You had the contract for heating the car shops at Moncton \$4,895.28?—A. Yes.

Q. And you had the construction of an addition to the engine house, \$5,870?—

A. Engine house? Where?

Q. At Moncton, wasn't it?—A. The only addition to an engine house has been at Stellarton—that I know about.

Q. At Stellarton, you are right.

Q. Estimate No. 3 on engine house at—where was that? Where was that engine house?—A. I do not know whether you are referring to Stellarton.

Q. The contract was for \$21,367, where would that be?—A. I cannot tell you that, I do not remember any contract of that amount.

Q. You do not remember any contract?—A. Not for that amount.

Q. This is a part of a contract—A. Well—

Q. This is at Pictou?—A. Oh, yes.

Q. What was the contract price of the Pictou engine house?—A. That was a bulk sum and schedule contract.

Q. What was the bulk sum contract?—A. The bulk sum I believe was \$12,900, if I recollect rightly.

Q. You were paid \$21,367, being one estimate on it?—A. On the bulk sum and schedule.

Q. Then you had two contracts for 80,000-gallon tanks at Truro and Rivière du Loup?—A. Yes, sir.

Q. Those were \$4,470 a piece?—A. Yes sir.

Q. Then you had a contract for \$58,900, for a stone passenger station at Charlottetown?—A. Yes, that was contract and schedule prices for a portion of the work.

Q. Then you had a contract for locomotive cranes at Lévis for \$31,842.55?—A. Yes, sir.

Q. Then you had a contract of \$2,462.50 for work at Blackville?—A. That was a tank.

Q. That was a tank?—A. Yes, sir.

Q. A payment on account of a tank?—A. Yes, sir.

Q. On account of a \$2,890 bulk sum contract, \$2,200, and for excavation and stone masonry, &c., making a total of \$2,462.50, that was for a tank at Drummondville?

A. Yes, sir.

Q. Then you had a contract for boilers of the Mumford style, induced draught, \$14,440 that was at Moncton?—A. No, sir.

Q. That was at Truro, was it?—A. That was on account of the Truro contract.

Q. That was a payment on account of the Truro contract of how much?—A. \$24,900, I think.

Q. \$24,925.—A. Yes.

Q. Then you had a contract for umbrella roofs over concrete platforms at — A. Sydney.

Q. For \$9,989, is that correct?—A. Yes, sir.

Q. Then you had a passenger carshop at Moncton, \$63,376.05?—A. Not a passenger carshop at Moncton.

Q. Yes?—A. I just can't say, that must be an estimate on account.

Q. Yes, that is only on account—I am sorry I did you that injustice.—A. I have to have it right you know.

Q. What was the total of the contract?—A. I don't remember just now.

Q. W-55 passenger car repair shops, you do not know what that is?—A. I think it is around \$150,000.

*By Mr. Macdonald:*

Q. That is where?—A. At Moncton.

Q. The passenger carshops?—A. Yes.

*By Mr. Boyce:*

Q. And you have the freight car repair shops at Moncton, what was the price?—A. About \$56,000.

Q. On account of which you were paid \$56,000?—A. \$56,000 plus the schedule.

Q. Then you had the Pictou engine house, \$87,805?—A. Yes, sir.

Q. Then you had the increased accommodation at Charlottetown, what was that?—A. It may have been in connection with the shops, perhaps.

Q. What was the station—the passenger station contract price?—A. \$58,900 plus the schedule.

Q. What was the contract for the brick car shops?—A. Oh, \$35,000.

Q. \$35,890?—A. \$35,890, I think.

Q. That is only one progress estimate?—A. Oh, no, that may have been a summary of the progress estimates.

Q. What was the contract for the machine shop at Charlottetown?—A. \$60,000, I think.

Q. And then what was the contract price for the locomotive shops at Truro?—A. At Moncton, you mean.

Q. At Moncton?—A. \$130,000.

Q. And what was the amount of the contract at Chaudière Junction?—A. Which contract do you refer to?

Q. Have you more than one contract there?—A. Well, I believe there was only one there with several parts to it, but the amount I do not remember now.

Q. You don't remember that?—A. No, somewhere about \$4,000, I think; you have the report probably.

Q. There is a payment here of \$32,000?—A. I beg pardon.

Q. A payment of \$32,000?—A. Not at Chaudière.

Q. Perhaps I have made a mistake. However, these contracts were running in 1906, were they, Mr. Wallberg?—A. I beg pardon.

Q. These contracts were running during the years 1906-7?—A. Yes, sir, some were completed and some were running.

Q. Some were commenced in 1905?—A. Yes, sir.

Q. And in addition to these there were some smaller ones?—A. Yes sir.

Q. I do not want to bother taking up the time of the committee with them. You entered into a contract with the government in 1906 for heating the car shops at Moncton?—A. Yes sir.

Q. And the amount at which you took the contract was \$5,765?—A. I believe that is correct.

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Q. Before you tendered for this work you saw the specifications, didn't you?—  
A. Yes.

Q. Yes, and I believe you interviewed the deputy minister?—A. No sir.

Q. There was no interview with the deputy minister at that time and the specifications are those that I now show you for a 'fan system of heating for two story brick car shop'?—A. That is the specification.

Q. That is the specification on which you tendered?—A. That is correct.

Q. Now, on the 13th November, you tendered for that work, didn't you?—A. That is probably the date.

Q. On the 13th of November, 1905, you put in a 'tender for a fan system of heating for the remodelled brick car shop at Moncton, N.B., as follows :

'I, the undersigned hereby offer and agree to furnish all materials, tools, implements, machinery and labour and to execute and complete in a satisfactory and workmanlike manner, all the work embraced in the above mentioned work in accordance with the plans and specifications exhibited to me and such further details and special plans as may from time to time be furnished during the progress of the work.

'I have examined the plans and specification, and have ascertained all necessary particulars in regard to the work, and upon the acceptance of this tender I am prepared to enter into a contract for the performance of the work for the bulk sum of fifty seven hundred and sixty-five dollars (5,765.00'.—A. Yes sir.

Q. And with that tender you sent an accepted cheque on the Imperial Bank of Canada, dated at Montreal on November 13, 1905 for \$650, an accepted cheque N.A. 43,399?—A. That is probably correct.

Q. Is that correct?—A. I believe so.

Q. Have you any personal recollection of having written that letter and that you had sent that cheque?—A. Let me see it.

Mr. MACDONALD.—That is a copy.

A. (After examining file). That is a copy of my letter.

*By Mr. Boyce:*

Q. On the 15th day of November—oh, on the 14th day of November Sheldon & Sheldon, Galt, Ont., put in a tender in the very same language as your tender apparently for less money, \$4,300—that is the date in the document which I have just put in. Did you know that?—A. Well, of course I did not know anything about that.

Q. Did you know that they had put in a tender?—A. No, I did not know anything about that.

Q. This is the tender,

'We the undersigned hereby offer and agree to furnish all materials, tools, implements, machinery and labour, and to execute and complete in a satisfactory and workmanlike manner, all the work embraced in the above mentioned work in accordance with the plans and specifications exhibited to us and such further details and special plans as may from time to time be furnished during the progress of the work.

'We have examined the plans and specifications, and have ascertained all necessary particulars in regard to the work and upon the acceptance of this tender we are prepared to enter into a contract for the performance of the work for the bulk sum of four thousand three hundred dollars (\$4,300.00).'

Q. Now that tender is in exactly the same words as yours, isn't it?—A. Yes sir.

Q. And the amount is \$4,300. Then on the 13th of November, the same day that you put yours in, the Canadian Buffalo Forge Co., Limited, wrote from Montreal,

'DEPARTMENT OF RAILWAYS AND CANALS,  
OTTAWA, ONT.

'GENTLEMEN.—We enclose herewith our tender for the heating and ventilating for a remodelled brick car shop at Moncton, N. B. We also enclose a small cut of our factory in Montreal.



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If awarded the contract we will build here all of the material required, and will employ only Canadian labour.

We have not had sufficient time to prepare drawings of our system showing the distributing ducts, etc., but we are having a blue print prepared which we will send in a few days. The situation of the apparatus would not make a great deal of difference in the cost, and we could probably arrange to place it in a position satisfactory to the Chief Engineer.

‘Yours very truly,’

Enclosed with that letter was a tender and specification giving the sizes of the apparatus which they proposed to furnish for the sum of \$4,700?—A. I do not know anything about that. I never heard of it.

Q. I am reading from the records, I presume they are correct?—A. Yes.

Q. Now, you came to Ottawa then, didn't you?—A. I presume I did.

Q. Yes, you came to Ottawa and saw the deputy minister?—A. Oh, I don't recollect.

Q. Just try and recollect. I want you to recollect if you can—between the 13th and the 15th you came to Ottawa?—A. No, I did not.

Q. Did you, or did you not see Mr. Butler?—A. No, I did not.

Q. Are you quite sure?—A. I am quite sure.

Q. Did you come to the Railway Department?—A. I had no business there then that I know of, and I did not go to that department.

Mr. MACLEAN (Lunenburg).—Do you mean after the tenders were in Mr. Boyce?

*By Mr. Boyce:*

Q. Yes, between the 13th and, we will say, the 15th of November?—A. No.

Q. You did not?—A. No.

*By Mr. Macdonald:*

Q. In what year?

Mr. BOYCE.—1905.

*By Mr. Boyce:*

Q. When you put in that tender and sent the cheque that was all you had to do about it?—A. It was.

Q. There was nothing more to be done by you until the tender was accepted?—A. Or rejected.

Q. Then why did you put in another tender on the 15th of November?—A. Probably quoting on a different basis. Sometimes we put in explanatory tenders or alternate tenders for the consideration of the government.

Q. You remember having done that?—A. I have no distinct recollection of it myself, or anything of that kind. But it would not be unusual, because I follow things up pretty close.

Q. What circumstances would prompt you to give an explanatory tender after the formal tender had been put in and the cheque deposited? Was it because the other tenders were lower?—A. I had no knowledge whatever of the other tenders.

Q. You were in Ottawa?—A. I came here frequently.

Q. I will put in your letter of November 15th, 1905, to the Department of Railways and Canals, it is addressed to the secretary.

‘DEAR SIR,—In connection with my tender herewith for fan system heating for Moncton car shop, I beg to submit the following:—

‘The fan proposed is a 160 inch standard steel plate fan, with a horizontal engine direct attached.

‘The heater is of 10,000 ft. 1 inch pipe capacity, with steel traps and pump and receiver to correspond.

‘All of this apparatus will be B. F. Sturtevant company's standard make.



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'The galvanized piping will be extra large to suit, so that the shop can be readily heated with a minimum quantity of fuel.

'This apparatus and distribution system will correspond in volume and air pressure with the Sturtevant apparatus which I installed last year in the other half of this same shop.

'Should your engineers be satisfied with a smaller plant, I can install a 130 inch. apparatus, with piping to correspond for \$3,900.

The location of my apparatus is in the only place where I consider that it can be placed without occupying valuable shop room. But I will use any location that you may suggest.

I can deduct \$200 if the foundation is built by the railway company. I enclose my certified cheque for \$650 herewith.

Yours truly,

E. A. WALLBERG.'

A. That is my letter.

Q. Now, what was your object in putting in that letter?—A. That is explanatory.

Q. Explanatory of what?—A. Of my tender.

Mr. MACDONALD.—For the information of the committee perhaps we had better have it read so that we will understand it.

(Letter read).

*By Mr. Boyce:*

Q. You say here 'I enclose my certified cheque for \$650 herewith,' and you had sent it on the 13th with your previous tender, and it is dated on the 13th?—A. This was probably quoting different prices for a different apparatus, and it might call for another cheque, I don't know.

Q. No?—A. There would be no harm if I did send a second cheque with the second tender; I do not recollect whether I did or not.

Q. This \$650 cheque was dated November 13th, there were not two cheques sent, I can show you that—

Mr. M. J. BUTLER (Deputy Minister of Railways and Canals)—To whom was the letter addressed.

Mr. BOYCE.—To the Secretary of the Department of Railways.

A. Perhaps the cheque may have been omitted in sending the first tender.

Q. Why was it necessary to send a second letter?—A. A fan system of heating is a special system, and each company makes a different apparatus, of different grades and dimensions, and there would need to be further explanations than would be given in a mere formal tender.

Q. So that you considered it was necessary for you to make further explanations? Then the other tenderers would consider it to be necessary also?—A. I do not know what other tenderers would consider necessary.

Q. After writing one tender and completing it in the same language that the others use, you wrote another one?—A. That is not unusual at all to put in a second tender.

Q. You have done it before, have you?—A. I have done it with private concerns, I have put in half a dozen tenders one after another, explanatory of the different systems of apparatus, in private tender. It is a very usual thing to do, to give all explanations.

Q. All the explanations that are made by you are contained in the plans and specifications upon which you are tendering?—A. All that are given to us.

Q. You are supposed to tender upon those specifications and plans, to tender at a price that will include everything that is mentioned in the plans and specifications, is that correct?—A. That is correct.

Q. You did that in your tender of 13th November, because you say you have

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examined all the necessary particulars, and you had the plans and specifications in regard to the work and upon the acceptance of this tender I am prepared to enter into a contract for the performance of the work for the bulk sum of \$5,765?—A. Yes, but understand—

Q. So that according to that you had seen these plans and specifications?—A. Yes.

Q. Now then, you were proceeding to say something, proceed.—A. I wish to say that I might comply with that plan and specification with an apparatus made by one company or another company, the sizes might differ and I might also comply with the specification with several sizes of apparatus made by the same company. It would be a question of test and conditions. Under proper conditions and with a good test I might be able to perform my guarantee and get my money with a smaller apparatus, under the system of competition, I might do that. I might give people fully as good value in a system that they would be fully satisfied with, but by giving a larger apparatus I might give better heating and fuel conditions, in the general working out of the plan, it would perform its work easier.

Mr. Ross (Cape Breton).—It would be more economical in fuel?—A. Yes.

*By Mr. Boyce:*

Q. In your tender of the 13th you say that you have examined the plans and specifications and ascertained all necessary particulars?—A. Yes sir.

Q. Then you had in view in making the tender of the 13th of November, everything that you had in view on the 15th?—A. That does not follow.

Q. Did you change your mind?—A. I might easily have done so.

Q. Don't tell me that you might have done so, tell me what you did, did you change your mind?—A. I gave it further consideration. You know when I go after a contract I go after it to get it. I do not stop for consideration after my tender is in. I go on with further consideration, and I consider if there was competition on this, full explanation should be given as to the sizes, and if I felt that I should sub-divide it into two sizes of apparatus, one larger and one smaller, it is probable that I increased the size of the larger one and then quoted on the smaller one.

Q. That is what you would do if there was a competition?—A. I assumed that there was a competition on every job.

Q. You assumed that there was competition before you put in your first tender, didn't you?—A. Yes, and I assumed too—

Q. Why didn't you do that when you put in your first tender?—A. Because I gave it further consideration, and because under the pressure of business you do not always give full consideration when preparing your tender sometimes.

Q. So there was a thought which occurred to you after putting in the first tender?—A. Yes.

Q. What was the thought?—A. The result of that thought is shown in this second tender.

Q. The thought was that you would say something more than you had said in support of your tender, and in order to try and get the contract?—A. Exactly.

Mr. MACLEAN (Lunenburg).—Did he suggest some changes in the second tender?

*By Mr. Boyce:*

Q. I will put them both in, they speak for themselves. When you put in the first tender you had in mind the proposed work in general, along the same lines as that specified in the second tender—that is in general terms?—A. In general terms, yes.

Q. You intended to use the same plant?—A. No, not exactly.

Q. You did not?—A. No, because on further consideration I felt that I should increase the size of certain parts of that plant, and then I made another tender for a smaller plant.

Q. What style did you intend using when you put in your tender of the 13th November?—A. I would have to look at my estimates to find that out.

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Q. You can't tell me that?—A. In a general way it was the same style, but not the same size.

Q. In a general way, it was the same make?—A. The same make.

Q. So that when you put in your tender of the 13th November you say you had in view the same make that you had on the 15th November—do you say that?—A. Yes, but not the same size.

Q. Not the same size, but the same make, you said that?—A. I did not state that in my tender.

Q. You did not change that between the 13th and the 15th of November?—A. No, I don't think I did.

Q. So that there was no necessity of supplementing the tender of the 13th November in reference to the make, was there?—A. I don't think so.

Q. The make of apparatus was left in the hands of the contractor, he having to conform to the specifications, wasn't it?—A. Yes.

Q. That was not a very important factor, the make you should supply, as long as it complied with the plans and specifications?—A. That was one of the most important factors in the whole question.

Q. Is it mentioned in the specifications?—A. It could not be.

Q. Why?—A. You mean in the government specifications?

Q. Yes.—A. It would limit it to one make, there would be no competition. There wasn't any make specified.

Q. But you said it was the most important of the whole thing?—A. Yes, one maker makes better goods and sells them for more money the world over than any other maker gets.

Q. You mentioned in your letter, after that tender, that the class of goods you proposed to supply was the Sturtevant apparatus?—A. Yes.

Q. Is that correct?—A. That is correct.

Q. Why didn't you mention it in the first tender?—A. In the first I did not go into explanations.

Q. The first was in the same form as the other tenders, why did you make any further explanation?—A. Because it simply did not enter into my mind to mention it, that is all.

Q. And you thought that you would make yourself a little bit more explanatory. Why did you mention particularly that you were going to use the Sturtevant apparatus?—A. To explain what I was going to use.

Q. Are you the only one that has the Sturtevant apparatus?—A. No, I am not the only one that has it.

Q. Are you the agent of the Sturtevant plant?—A. I am an agent of the Sturtevant company on railroad work in the east.

Q. Have you still the agency of that company?—A. On that work, yes.

Q. On what work?—A. On the work in the eastern provinces.

Q. Are you correct in that?—A. Well, I am correct in it, certainly.

*By Mr. Reid (Grenville):*

Q. They have a regular located agent in Montreal, haven't they?—A. Yes.

Q. In Montreal?—A. Yes.

*By Mr. Boyce:*

Q. You are correct in that, that no other firm would supply the Sturtevant apparatus but you?—A. No, they will quote direct, but that does not say that they do not protect their agents.

Q. Have you the sole agency for them?—A. Yes.

Q. You have the sole agency?—A. I had the agency.

Q. And if any one specifies the Sturtevant apparatus they would have to get it from you?—A. No, I did not say that, I have just said the opposite. The company will quote direct, or their general office in Montreal will quote.



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Q. So that any one of these other contractors who tender could get a Sturtevant apparatus the same as you?—A. I do not know.

Q. Surely you can answer that question?—A. I do not know whether they did quote on that apparatus, I do not know whether they could or could not.

Q. They put in the same tender as you did, in words, only the figures were less. Could they have contemplated as far as you know the filling of that contract by a Sturtevant plant?—A. That would depend upon the Sturtevant Company altogether.

Q. That is, if the Sturtevant Company was disposed to sell them its plant, is that it?—A. Yes.

Q. Then it was just as consistent to say that their tender included the Sturtevant plant as that your first tender included the Sturtevant plant?

Mr. MACDONALD.—Except that they do not say so at any time?—A. I do not know about other people.

Q. I am asking about the first tenders?—A. I do not know anything about them.

Q. They could have got the Sturtevant plant and filled that contract with it, couldn't they?—A. I do not know.

Mr. JACKSON (Selkirk).—He says he has the sole agency.

*By Mr. Boyce:*

Q. Do you say that these men who tendered on the 13th of November, only for less money than you, but in the same language as you, could not have supplied the same apparatus as you supplied, namely, the Sturtevant plant?—A. I don't know.

Q. Therefore you won't say that they could not?—A. I say that I do not know.

Q. For all you know then, they could have supplied it, is that correct?—A. I am not controlling the Sturtevant Company.

Q. You received this contract?—A. Yes.

Q. And you were advised that you had been given the contract on the 15th of December, 1905. Were you in Ottawa shortly after you tendered, when Mr. Joughins was here?—A. I do not know whether I was in Ottawa or not, I do not remember seeing him.

Q. You do not remember seeing Mr. Joughins after the tenders had been referred to him, do you?—A. I do not know that they were referred to him.

Q. I just put in this letter dated November 18th from Mr. Butler to Mr. Joughins:—

'OFFICE OF THE DEPUTY MINISTER AND CHIEF ENGINEER.

'OTTAWA, ONT., NOV. 18, 1905.

'G. R. JOUGHINS, Esq.,

Supt. of Motive Power,

Intercolonial Railway.

'DEAR SIR.—I enclose herewith the tenders received for supplying and fitting up complete of a fan system of heating the remodelled brick car shop at Moncton, N.B.

Will you please let me have a report upon these tenders while you are here.

Yours truly,

M. J. BUTLER,

Deputy Minister and Chief Engineer,

L. K. JONES.

Enclos.'

Q. You don't know anything about that?—A. I do not.

Q. Then there was a letter of November 18, from Mr. Joughins to Mr. Butler, which I will put in.

'M. J. BUTLER, Esq.,

Deputy Minister and Chief Engineer,

Railways and Canals, Ottawa.

'Ottawa, Nov. 18, 1905.

'DEAR SIR.—I herewith return the tenders received for heating the car shop at Moncton, and would say that if we can be allowed to accept the system which we



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know will be perfectly satisfactory in every way rather than the lowest price offered, I would recommend the acceptance of the tender of E. A. Wallberg for the Sturtevant apparatus.

The difference in price is small compared with the best possible results which we will secure, coupled with the additional desirable feature that the apparatus will be of the same standard and make as that which we have installed in our other new shops and roundhouses.

I might also say that the Sturtevant installation is generally considered, among railway officials, as the best and was used in all the new Angus shops of the Canadian Pacific Railway.

I have seen a good deal of work made by the Buffalo Forge Company; but it was always unsatisfactory. I do not know of any installation made in railway works by the Sheldon Company, and their want of experience in this direction would probably produce unsatisfactory results.

Yours very truly,

G. R. JOUGHINS.

Encl.'

Q. Now, did you install the Sturtevant apparatus in the Angus shops of the C. P. R.?—A. No sir.

Q. And therefore the Sturtevant apparatus being in there it follows that the contractor was able to get Sturtevant apparatus, does it not?—A. There was no contractor, I think the Sturtevant Company sent a man up from Boston to put in that apparatus.

Q. It follows that somebody or other got the Sturtevant apparatus?—A. I do not claim to control the Sturtevant Company.

Q. Then these other contractors were just as able to get it, Sheldon & Sheldon and the Canadian Buffalo Forge Company, Limited?—A. No, they are manufacturers.

Q. Wait a moment. If it had been determined under the specifications that it was the desire of the department that the Sturtevant apparatus alone should be installed, these other firms, Sheldon & Sheldon and the Canadian Buffalo Forge Company were just as able to get that apparatus as you were?—A. That would not follow.

Q. I am asking you the question?—A. I do not know. They are manufacturers, and if a competitor's apparatus was specified no manufacturer would give a bid on a competitor's apparatus, but they would raise a kick because it was specified.

Q. Do you know Sheldon & Sheldon?—A. I know of them.

Q. Have you ever seen their plant?—A. I have never seen it.

Q. You have heard of it? They are Canadian manufacturers?—A. Yes sir.

Q. You do not know whether their plant is a success or not?—A. I have had no experience with their plant.

Q. How long have they been in existence?—A. I can't tell you that.

Q. I see you don't know anything about them. Well, you were unable to complete this work, were you?—A. Owing to the fire in the shops.

Q. Owing to the fire in the shops; and you got an extension of time, didn't you for that reason?—A. Yes, sir.

Q. And then you were allowed on the contract of \$5,765, the sum of \$4,895.28?—A. I believe that is correct.

Q. Did you ever discuss, at any time, before you actually received the contract, the question of these tenders with Mr. Joughins—did you ever go over the specifications with him?—A. The specifications for this shop?

Q. Yes?—A. No.

Q. The specifications for the heating?—A. No, sir.

Q. Did you put in any plant like this before?—A. A great many.

Q. A great many?—A. Yes, sir, probably a hundred.

Q. What type did you use?—A. I was using the Sturtevant apparatus altogether.

Q. Where did you get the Sturtevant apparatus?—A. From the company.

Q. Where is their factory?—A. Hyde Park, Massachusetts.

Q. So that they are American manufacturers?—A. Yes, sir.

Q. You had supplied the Sturtevant heating plant to this department?—A. I had.

Q. Eh?—A. Yes, sir.

Q. Were you agent on commission, or just selling it on brokerage?—A. As contractor.

Q. Had you ordered the Sturtevant plant before the 13th of November?—A. No, sir.

Q. You had not?—A. No, sir.

Q. You hadn't got any plant on hand?—A. Oh no, that is all made to order—all that apparatus was made to order.

Q. Where was the Sturtevant apparatus that you put into this car shop shipped from?—A. Hyde Park, Mass.

Q. It was shipped from Hyde Park, Massachusetts?—A. Yes, sir.

Q. Was it let in duty free?—A. That depends upon the conditions of the tender. Does it state that I paid the duty on it, if it does, I paid it.

Q. The tender is to install the plant?—A. Then I paid the duty.

Q. It does not say anything about the duty; you paid the duty?—A. Yes, either I or the Sturtevant Company.

Q. Did you have any discussion with anyone in the department, or connected in any way with the railway with regard to letting these goods in duty free?—A. No, I do not recollect any discussion on that point at all.

Q. Was this plant installed at the time of the fire?—A. No, sir, it was delivered on the cars, but not installed.

Q. At the time of the fire your contract ought to have been completed, ought it not?—A. Perhaps, does it say so there? It depends on the date of the contract.

Q. If it was after the date, then none of your plant was in?—A. It was not installed in the shop, if it had been it would have been destroyed entirely.

Q. If it had been in the shop? Then there was none of it started on at the time of the fire?—A. That might have been.

Q. Do you remember how long it took you to get the plant?—A. It is usually pretty hard to get them anyway. They are pretty busy, I don't know how long it took to get that plant.

Q. Have you a copy of the contract there?—A. No, I have not.

Q. Did you ever install the plant that you got from the Sturtevant Company in this shop?—A. Oh, no, the shop was burned down entirely.

Q. What became of it?—A. The apparatus was taken over by the railway and stored on the site of the shop.

Q. Where is it now?—A. I believe it is in Charlottetown, P.E.I.

Q. In whose possession?—A. In the possession of the Railway Department.

Q. What is the price of the Sturtevant plant f.o.b. at Hyde Park?—A. I can't tell you that, I can't remember.

Q. Can't you tell me the price of this plant?—A. You see the plant—

Q. The price of 160-inch Standard plant?—A. I can't tell you that, no; I can't give you the amount.

Q. Have you no idea, as a contractor, and having installed several of them, what they would cost?

*By Mr. Macdonald:*

Q. You can procure the information?

*By Mr. Boyce:*

Q. Did you pay for these?—A. I did.

Q. How much did you pay?—A. It is difficult to say right off-hand.

Q. Did you pay \$500?—A. I paid several thousand dollars.

## APPENDIX No. 1

*By Mr. Macdonald:*

Q. I would suggest to you, as a member of the committee, that you should not answer these questions until you bring the papers with you, so that you would know accurately?—A. That would be much more satisfactory.

*By Mr. Boyce:*

Q. Can you bring the invoices from the Sturtevant Company?—A. I can produce papers that will show just what I paid.

Q. What was the material you supplied in order to get the payment of \$4,895.25 from the Department of Railways?

*By Mr. Macdonald:*

Q. You can bring that also in detail, I suppose?—A. Yes. You see this was on a contract that was incomplected, and the work that required to be done to complete the contract, the apparatus was all there, was estimated at so much money. That is shown in my statement, and the amount is deducted; the balance was paid me.

Q. As a matter of fact this contract was never commenced, was it?—A. Yes, it was commenced and the apparatus was delivered. You mean the installation of the plant was not commenced, is that the idea?

Q. I mean that you never completed your contract?—A. That is correct.

Q. So that all you did was to get the heating plant, and then you got the amount of your contract less the cost of installation?—A. Yes.

Q. Was the piping ever delivered?—A. No, the piping was not delivered, the piping is deducted there.

Q. And the steam gauges?—A. Deducted.

Q. That is only \$2.60, and what was it estimated that the cost of the erection would be?—A. What ever it shows there in the papers.

Q. I mean what was your estimate in making up your tender?

Mr. MACDONALD.—I object, in view of the fact that the witness has already stated that in dealing with this question, on which he was not summoned and did not expect to be asked about, he can only speak from memory. We should wait until he has the documents before him or he has had an opportunity to look into the matter.

Mr. BOYCE.—I won't press him if he objects.

The CHAIRMAN.—The witness is at liberty to say he can't answer that.

WITNESS.—The erection might have been \$50 or \$100

*By Mr. Boyce:*

Q. Did you figure how much it would cost you to establish the foundation?—A. Yes, certainly.

Q. How much was that?—A. That, I should say, might be—for the foundation—it might be \$100 or \$200; I can't say.

*By Mr. Macdonald:*

Q. Can you tell us exactly without looking that up?—A. No, I can't.

Q. Have you the figures?—A. The figures are all shown in detail on that paper (indicating voucher).

*By Mr. Boyce:*

Q. They are shown in your own voucher, but what I want to get at is the estimate you made in your estimate of that when putting in your tender. You can give me all the figures that you used in making up the tender?—A. Yes, but after the contract was made I was entitled to that contract price. When the contract wasn't completed all I had to do was to agree to the deductions that were to be made for the non-completed work. That was done, and that statement was made out. I do not see what you want to know about the parts that were not completed.



Q. Were, or were you not in default in compliance with this contract at the time the shops were burned down?—A. In time, perhaps.

Q. At that time had you, or had you not applied for an extension of that contract?—A. I do not recollect whether I had or not.

Q. Perhaps your letter book will give you that information. At any rate you received from the department \$4,895.28 without installing the plant, and you delivered what machinery was shipped to you to the Department of Railways and Canals?—A. Yes.

Q. So that the contract resulted in the sale by you to the Department of Railways, of the heating plant and fans?—A. If you look at it in that way.

Q. Was not that what it was?—A. No, it was an uncompleted contract.

Q. Are you using, or rather did you not use the same plant in your Charlottetown business?—A. That plant, I say, is in Charlottetown now.

Q. And you used it?—A. Well, I installed it there for the railway; it never was away from the possession of the railway, the railway shipped it there in their own possession.

Q. So that the same plant went in, in your contract work there?—A. I beg your pardon.

Q. It went in as part of your contract work for the Charlottetown station?—A. No, that is entirely wrong. It was decided by the Railway Department to use this apparatus for heating the erecting shop at Charlottetown, and that is why they shipped it.

Q. Didn't your tender for the Charlottetown station include a heating apparatus?—A. Yes, that is a hot water system.

Q. Did you put this in there?—A. Oh, no.

Q. You did not?—A. No sir.

Q. Where did this go?—A. This went in the erecting, the machine shop.

Q. That is where you put that up?—A. Yes sir.

Q. Did you tender for that heating?—A. No.

Q. There was nothing about heating in your specifications?—A. No.

Q. There was nothing in the specifications for heating there, so that when you put in this apparatus you put it in as an extra?—A. That is the installation of it.

Q. Was there any charge made to the government for this except in regard to the installation?—A. No, only just the installation, putting it in its place.

Q. Do you remember what you charged for the installation of that plant in the Charlottetown shop?—A. That has not been charged at all, I could not say what that is, that is all based on the labour. It is very small whatever it will be.

Q. Did you charge for the gauges and fan?—A. Oh no.

Q. Or for the steam pipe and connections?—A. Nothing has been charged.

Q. All you have charged is the actual labour which you supplied?—A. The actual labour.

Q. The department supplied the fittings?—A. The department furnished everything they had there.

Q. All that is shipped to you by the Massachusetts people, was the heating plant alone?—A. Yes.

Q. Not the fittings?—A. The fittings immediately around the apparatus, some bands and some headers.

Q. Were they ever taken off the car?—A. Yes, they were taken off the car.

Q. And put where?—A. They were put in a temporary house in the possession of the department, on the tracks at the shop site.

Q. And they remained in the possession of the department ever since?—A. Yes.

*By Mr. Macdonald:*

Q. Do I understand you to say that in regard to the letting of the contract to you for the supply of this heating apparatus you had no communication with Mr.



## APPENDIX No. 1

Butler preliminary to the awarding of the tender, other than what is down in the written documents on the file?—A. I had no communications whatever.

Q. Or with Mr. Joughins, to your recollection?—A. No communication.

Q. Was the contract awarded to you simply on the communications in writing that you had had with the department as referred to here?—A. Absolutely. Some little time, some few days afterwards, they wrote me a letter stating they had accepted my tender.

Q. That was in the usual course of business?—A. Exactly.

Q. You procured your material from the Sturtevant people to complete that contract at Moncton?—A. That is, I procured the apparatus.

Q. The apparatus?—A. And there are other parts, of course, the installation, the piping, etc.

Q. And these were shipped to Moncton?—A. Yes.

Q. And before they were actually put into the building the fire occurred which destroyed the building?—A. Which destroyed the building.

Q. The department then took the apparatus from you?—A. Yes sir.

Q. Which you had there ready to put in the building?—A. Yes.

Q. And the department paid you an allowance for that?—A. What they figured was correct, deducting everything that had not been done on the contract.

Q. Yes, I think it will be as well to put that in. This is the account which you rendered to the department for the purpose and which was passed by them, and for which you received a cheque?—A. That is correct, I believe. (Account put in as follows).

‘INTERCOLONIAL RAILWAY, May 22nd, 1906.

‘To EMIL A. WALLBERG,

P.O. Address: Merchants Bank Bldg., Montreal, Que.

To amount of bulk sum contract for a fan system for for heating car shop at Moncton, N.B. . . . .	\$5,765 00
Less the following items for work uncompleted:—	
Galvanized piping . . . . .	\$527 12
Two steam gauges . . . . .	2 60
Erection of fan, &c. . . . .	30 00
Foundation . . . . .	200 00
Steam pipe and connections . . . . .	110 00
	<hr/>
	869 72
	<hr/>
	\$4,895 28

Q. Subsequently you were working in Prince Edward Island in certain works there for the government?—A. Yes, sir.

Q. And the department decided that this apparatus, which was then at Moncton, would be available for the purpose of heating the erecting shop at Charlottetown?—A. Yes, sir.

Q. And they brought it to Charlottetown?—A. They shipped it to Charlottetown, yes.

Q. It was put in the erecting shop there?—A. Yes, sir.

Q. So that the department and the country have received full value for the apparatus purchased from you, which is referred to in this account?—A. Absolutely.

Q. What work you did in Charlottetown in relation to putting it in the building was?—A. The ordinary fitting up.

Q. The attaching of it to the various parts?—A. Yes, sir.

Q. In regard to the Sturtevant apparatus, how does it stand in the railway world, or in the business world, where this heating apparatus is used—how does it stand with regard to its competitors generally?—A. I may cite an instance in Canada particularly; the Canadian Pacific Railway have been, of course, the largest builders of shop buildings and railway buildings of all kinds,

and they used it entirely, in the Angus shops and in their Winnipeg shops, and in their roundhouses all over the system. In fact they gave one order after another to the Sturtevant Company whenever they required apparatus of that description without any competition. In the United States and all over the world the Sturtevant apparatus is used very largely, and in the United States in the most of the railway shops that I know anything of or ever heard of, their apparatus is used. And not only in the railway shops but the very largest manufacturers, and that is the case, not only in the United States, but they are used very largely in Great Britain and in Germany. The Sturtevant people ship all over the world, they are the largest makers in the world and the highest grade makers.

Mr. M. J. BUTLER, Deputy Minister of Railways and Canals, called.

*By Mr. Macdonald:*

Q. The correspondence before the committee, Mr. Butler, indicates that on the face of the tenders that of Mr. Wallberg was higher than the other two?—A. The statement shows that the tenders were asked for on Mr. Mackenzie's specifications.

Q. That is Mr. Mackenzie, the chief engineer, prepared specifications for the heating apparatus required?—A. Showing what he expected them to observe, and when the tenders came in it was referred to Mr. Joughins, the superintendent of motive power.

*By Mr. Reid (Grenville):*

Q. He happened to be here?—A. He was here on some other business and the tenders were referred to him. The matter would have been referred to him at Moncton if he had not happened to be here.

*By Mr. Macdonald:*

Q. His presence here was a pure accident?—A. So far as this particular matter is concerned. He made his report on the tenders, and I may say that is the rule followed on all subjects where technical judgment has to be exercised in awarding tenders.

Q. The question of the best apparatus is a technical one, is it not; one with which an officer like Mr. Joughins would have to deal?—A. Yes.

Q. From your experience is it natural that upon a technical question of this kind—

Mr. BARKER objected that the examination of Mr. Wallberg should be interrupted at this point. He had understood Mr. Macdonald only wanted to ask one or two questions.

Mr. BOYCE.—We wanted to continue Mr. Wallberg's examination.

Mr. MACDONALD.—I understood Mr. Reid assented to Mr. Butler being questioned.

*By Mr. Macdonald:*

Q. I was at the point, Mr. Butler, of asking whether in dealing with the supply of a peculiarly technical article of this kind the department would necessarily depend upon the technical official of the department?—A. I want to say that with regard to any special apparatus such as steel towers or any matters that call for a high degree of technical skill, we necessarily accept the judgment of the superintendent of motive power as to what is best to be done, regardless of price.

Q. And the department acted on his judgment in this matter?—A. We acted on his advice.

Witness retired.

## APPENDIX No. 1

Examination of Mr. Wallberg resumed.

*By Mr. Barker:*

Q. I understood you to say, Mr. Wallberg, that you could comply with the specifications on which you tendered by supplying an inferior heating apparatus than that referred to in your letter of the 15th of November?—A. A smaller apparatus, do you mean?

Q. Yes.—A. I want to explain that in this way—

Q. Just answer my question, is that what you said, that you could on the specifications of the department comply with them while supplying a smaller apparatus than that referred to in your letter of the 15th November?—A. That applies to any specifications for heating.

Q. I am not asking that?—A. I think I should explain it.

Q. Answer my question and then you can explain what you like.—A. Yes.

Q. Now you can explain?—A. I explained that before in my testimony, it arises in this way: in any specification ever written for a heating plant they call for certain guarantees, and by taking advantage of favourable conditions, putting an expert in charge of the plant, he can get that plant up—by taking more fuel and everything else, and by subjecting the apparatus to a severe test he will bring it up to his guarantee as to temperature. But it will not be a plant worth nearly as much money nor as satisfactory in the general average of operation.

Q. What did you say is correct, that under the specifications of the department you could furnish a smaller machine?—A. Yes, sir.

Q. That is all I wanted to get at. You had better answer my questions generally and then explain after.—A. Yes, but I don't want another man's version of it.

Q. Was that your reason for sending the letter of the 15th of November?—A. Well, that was one reason for writing that letter; I can't say it was the only reason. You will notice in that letter I quoted a smaller apparatus at a less price.

Q. You had quoted for a smaller apparatus in the tender of the 13th?—A. In my second tender.

Q. In the tender of the 13th did you quote a smaller apparatus than you intended by the tender of the 15th?—A. Yes, I changed my apparatus in the letter of the 15th.

Q. And the one you intended by your letter of the 13th was another one?—A. A different apparatus.

Q. How did you know there was any need for a change?—A. I simply concluded that from going into the matter more thoroughly.

Q. Had you been in Ottawa after the 13th?—A. I had not—I had no—

Q. I didn't ask you that, had you been in Ottawa after the 13th?—A. Not that I recall.

Q. You are quite sure about that now?—A. Well, I have other business you know, I would not like to swear to any particular day, but not that I recollect at all.

Q. Did you see any person connected with the Railway Department after the 13th and before the 15th of November?—A. I have no recollection of that.

Q. Will you say you did not?—A. Yes, I will say I did not.

Q. Why couldn't you say at once you did not. Did you see Mr. Joughins?—A. No, I did not.

Q. After the 13th of November?—A. No, sir.

*By Mr. Macdonald:*

Q. You swore to that once before, didn't you?—A. Yes, I swore to that.

*By Mr. Barker:*

Q. Did you see him?—A. No, I did not see him.

Q. Did you see him in Montreal?—A. No, sir.

Q. You are quite sure of that?—A. No, sir, I did not see him.

Q. Nor anywhere else after you put in your first tender and before you got the contract?—A. No, sir.



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Q. I see that you sent in a tender on the 15th of December and the acceptance was on that day?—A. That is a matter for the department, I cannot say anything about that.

Q. I am not asking you anything about that. Is it a fact that the acceptance is on the date you wrote the second letter?—A. I cannot say, don't the files show, I will identify the letter.

Q. This is a month later, on the 15th of December?—A. That will be correct.

Q. Then it will be a month later. I see the acknowledgment, or rather the notification of the acceptance of your tender is in these words, 'By direction, I have to inform you that your tender for the supply and fitting up complete of a fan system of heating for the remodelled Interoceania railway brick car shop at Moncton, N.B., for the bulk sum of \$5,765 is accepted, and I am to call upon you to enter into contract accordingly.' That was your original tender, wasn't it, that was accepted?—A. Whatever is shown there, I can't put my memory against the files.

Q. Did you understand that your tender as made was accepted?—A. If you will allow me to look at the papers I will answer that. I don't like to put my memory against the file.

Mr. MACDONALD.—Perhaps it may as well be brought out here that the department sent out a schedule form of tender.

*By Mr. Barker:*

Q. We haven't got that here, but I am going to bring that out now?—A. That is right.

Q. That is the letter you received and it was acted upon?—A. Yes sir.

Q. That accepted your tender and did not say anything about the letter of the 15th November?—A. It does not say anything about it.

Q. And you were called upon to make a contract accordingly, that is according to your tender?

Mr. MACDONALD.—What does the contract say?

Mr. BARKER.—We will have to wait for that.

*By Mr. Barker:*

Q. The letter of acceptance continues, 'Be pleased to furnish the department with an accepted cheque in favour of the Minister for the sum of \$576 as the ten per cent security required to be deposited.' and the rest is formal. Have you any knowledge at all whether the other tenderers were given an opportunity to bid for what was provided in your letter of 15th November?—A. I have no knowledge of that at all.

Q. Was there any asking, as far as you know, for any further tenders?

*By Mr. Macdonald:*

Q. Were you asked particularly for that letter?—A. Oh, I believe there was something sent out by the department.

Q. To whom?—A. To me, if I remember.

Q. Something we have not here, is it?—A. I believe there was something sent out, but I haven't any distinct recollection of that.

Q. Then why do you speak of it if you haven't any distinct recollection.

*By Mr. Barker:*

Q. At what time do you think that was sent out?—A. I won't say, because my recollection is not clear on that. If there is anything in the documents I will swear to it, if it is right, but there is no use putting my memory against the file at this time, because I can't.

Q. So far as your knowledge goes, nobody was asked to bid on the article that you mention in your letter of November 15?—A. No, sir, nobody as far as I know.



## APPENDIX No. 1

Q. You never heard that you were asked if you wanted to make another tender on that particular article, or that anybody was asked to tender on that?—A. I do not remember anything of that kind.

Q. The letter to the others simply returns their cheques and says nothing more. It is the ordinary form of returning cheques. You never heard in your intercourse with the officers of the department that these people had not been given an opportunity to tender on the same article that you spoke of in your letter of the 15th of November?—A. Not that I know of.

*By Mr. Macdonald:*

Q. Does the department send out a tender form and schedule for these things?—A. If there was a tender form sent out it will be the same for all.

*By Mr. Boyce:*

Q. Have you any books of account to show your expenditure in connection with this contract?—A. I can show what I paid for the apparatus.

Q. If you will bring all those papers, and the vouchers in connection with the case, the invoices from the Sturtevant company.

WITNESS.—Did you ask me for anything, Mr. Macdonald.

Mr. MACDONALD.—What I think we ought to have would be a statement similar to that which you gave in relation to the cranes, showing the dates of delivery.

*By Mr. Boyce:*

Q. And all the letters from the department. Did you pay for all this stuff?—A. Yes sir.

Mr. MACDONALD.—The thing to do is to make a statement of how the matter stands with yourself, put it in similar form to the statement you made for the cranes.

Further consideration of this matter, and of the other payments made to Mr. Wallberg, was adjourned until Tuesday, the 10th of March, and at the request of the witness it was arranged that his examination would as far as possible be continued from day to day.

The committee adjourned.

## HOUSE OF COMMONS.

COMMITTEE ROOM No. 32.

OTTAWA, March 10, 1908.

The committee proceeded to the further consideration of a payment of \$31,842.55 to E. A. Wallberg for five locomotive cranes, W-36 Auditor General's Report 1905-6.

Mr. BOYCE.—Before proceeding with the examination of the witness, Mr. Wallberg, there seems to have been some misunderstanding between myself and Mr. Butler in the matter of the production of documents, and I am quite willing to bear more than a due proportion of the responsibility in connection therewith, because I have been away, and in consequence of my absence some of the misunderstanding may have arisen in Mr. Butler's department. I am aware that Mr. Butler is always willing to produce papers, and I have in my hand a letter from him in which he declines to produce the papers of which I sent a list over to his department.

Mr. BUTLER, Deputy Minister of Railways and Canals.—Excuse me, I do not think so.

Mr. BOYCE.—Well, I will read the letter in order to put myself on record:

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‘Office of the Deputy Minister and  
Chief Engineer.

Ottawa, Ont., Feb. 28, 1908.

‘My dear Mr. Boyce,

I have your letter of the 27th instant, in which you ask that we should send over some 17 or 18 files and leave them in the custody of Mr. Howe, clerk of the Public Accounts Committee. I must decline to do so. I am quite ready to send over any files at any time, in the custody of a clerk from this department, who will return them the same day; and while I am anxious to facilitate examination of the original files in every way, I certainly will not leave them in the custody of any person other than one of the responsible clerks from this department.

Yours faithfully,  
M. J. BUTLER.

A. G. BOYCE, Esq., M.P.,  
House of Commons,  
Ottawa.

What I wanted to point out is this, that it is absolutely necessary we should have these original papers to-day and I had thought they would have been produced by this time in order to facilitate this inquiry. I must confess that I have been hampered somewhat in the preparation of this case by not having these documents. But there is this to be stated that Mr. Butler has been willing to produce them at any time in accordance with that letter, but I have not been here, and what I want to point out is that if Mr. Butler is willing to produce them while Mr. Wallberg is under examination it will perhaps facilitate matters.

Mr. BUTLER.—I am quite willing to do that; I am willing to produce everything we have—

Mr. BOYCE.—I quite understand Mr. Butler is willing to produce everything in accordance with his letter.

Mr. BUTLER.—We have been trying to get from Mr. Boyce just what papers he needs to-day in order that we may produce them. I do not suppose he will need all these 18 files to-day.

Mr. BOYCE.—We are anxious to finish with Mr. Wallberg to-day if possible.

Mr. BUTLER.—Very well, then, we will give you all that we have.

The examination of Mr. E. A. Wallberg resumed.

By Mr. Boyce:

Q. You were to produce a statement in regard to the freight paid on cranes purchased for Lévis. Will you produce that statement please?—A. Yes, sir, I have a statement of the freights paid on those cranes, also a statement showing the dates when I paid moneys to the Browning Engineering Company and when I received my payments from the government.

Statement produced and filed as Exhibit No. 17.

FREIGHT PAID ON FIVE LOCOMOTIVE CRANES AT LEVIS.

No. 1. . . . .	\$167.68
2. . . . .	173.12
3. . . . .	163.83
4. . . . .	157.06
5. . . . .	191.99
Total. . . . .	\$853.68

NOTE.—These 3 bills are for first three cranes shipped.—E. A. M.

## APPENDIX No. 1

Lévis, March 6, 1908.

E. A. WALLBERG, Esq.,  
Montreal.

DEAR SIR,—In compliance with your request of 2nd inst., I send you herewith copy of freight bills for three steam cranes received at Lévis—the other two cars were received at Pt. Lévis and way-bills accounted there—no record of the latter here.

Yours truly,

(Sgd.) JOS. FONTAINE.

Copy.

Form No. 29.

6667

32080

Way Bill No. 11142. Date June 14. Car No. 33269. Pro No. 452

Lévis Station, June 21, 1906.

To the Intercolonial Railway, Dr.

Inter R.R. Co.

For transportation of freight from

Black Rock.

ARTICLES.	WEIGHT.	RATE.	CHARGES.
Steam derrick.. . . . .	524,000	25·5 6·5	133 62
In Bond	Advanced		34 06
Total.. . . . .			167 68
Received payment	PAID.		
.....			190

Copy.

6668

2079

Way Bill No. 11143. Date June 14. Car No. 320621. Pro. No. 453.

Lévis Station, June 21, 1906.

To the Intercolonial Railway, Dr.

Inter R.R. Co.

For transportation of freight from

Black Rock.

ARTICLES.	WEIGHT.	RATE.	CHARGES.
Steam derrick.. . . . .	54,100	25·5 6·5	137 95
In Bond	Advanced		35 17
Total.. . . . .			173 12
Received payment	PAID.		
.....			190

Copy.

6666

35369

Way Bill No. 11141    Date June 14    Car No. 68512    Pro. No. 451  
Lévis Station, June 21, 1906.  
To the Intercolonial Railway, Dr.

Inter. R. R. Co.

For Transportation of Freight From

BLACK ROCK

T		WEIGHT.	RATE	CHARGES
ARTICLES				
Steam Derrick .. . . . .		51200	25.5	
			6.5	130.56
In bond				
		ADVANCED		33.27
Received payment	PAID		Total.. . . .	163.83

190

E. A. WALLBERG, C.E.,  
Contracting and Consulting Engineer,  
Office: Merchants' Bank Building,  
MONTREAL, March 4, 1907.

(Subject.)

J. FONTAINE, Esq.,  
I.C.R. Agent,  
Lévis, Que.

DEAR SIR,—

I have a bill from the railway, charging \$191.99 and \$157.06, being freight for two locomotive cranes, as per copy of way bills enclosed. I paid these freights to you and would like to have a statement or receipt from you so that these charges may now be cancelled.

Please return the way bills.

Yours truly,  
(Sgd.) E. A. WALLBERG.

NOTE.—These frts. are for the last two cranes shipped.

E. A. W.

Re Five Locomotive Cranes.

Payments made by E. A. Wallberg to Browning Engineering Co.  
1906.

June 11.. . . . .	\$2,600 00
" 11.. . . . .	2,600 00
" 18.. . . . .	2,600 00
July 9.. . . . .	2,600 00
" 9.. . . . .	2,600 00
" 26.. . . . .	7,800 00
Sept. 12.. . . . .	5,200 00
	<u>\$26,000 00</u>



## APPENDIX No. 1

Payments received by E. A. Wallberg from  
Dominion Government.

July 30th, '06.. . . . .	\$19,082 55
Sept. 11th, '06.. . . . .	12,760 00

Q. The freight paid on the five cranes amounted to \$853.68?—A. Yes, sir.

Q. Do you produce the original invoices of the cranes from the Browning Engineering Company, which you are asked to produce?—A. I was not asked to produce these.

Q. I think that was the case?—A. No.

Q. Are you able to produce them?—A. Well, I can obtain them. My statement on the last page, shows exactly the payments and the date of the payments I made to them.

Q. Then you also produce the original freight bills of the Intercolonial on these cranes?—A. Yes, sir.

Q. Three of them?—A. Yes, sir.

Q. You do not produce them all?—A. There is a letter covering the other two.

Q. Was this freight paid by you or by the government?—A. It was paid by me.

Q. Paid by you?—A. Yes, sir.

Q. How is it then that the bills are made out in every case against the Intercolonial Railway itself?—A. Well, the shipments were made to the Intercolonial direct.

Q. And to whom did you pay the freight?—A. To the freight agent at Point Lévis.

Q. Then there is no doubt that this freight was actually paid by you?—A. Absolutely no doubt at all.

Q. You also produce a statement showing the payments made by you on account of the cranes to the Browning Engineering Company?—A. Yes, sir.

Q. That statement you have put in, and appended to it is another statement showing the dates on which you received payments from the government?—A. Yes, sir.

*By Mr. Macdonald (Pictou):*

Q. Have you anything further to say about this matter of the cranes?—A. Anything further to say?

Q. Yes?—A. No, sir, I don't believe so.

*By Mr. Reid (Grenville):*

Q. Did the Browning Engineering Company agree to deliver these cranes at Quebec?—A. No, the Browning Company's price was f.o.b. Cleveland.

Q. And \$5,200 was the net price?—A. The net price absolutely.

Q. I see by your statement that the first three were delivered at Lévis on June 11th and 18th. This is a statement showing the dates on which you made payment?—A. The dates on which I made payment to Browning and Company. Below that are the dates on which I received my payments from the government.

Q. On July 30th I see an item of \$19,082.55. That is the first time you received any money from the government?—A. Yes, sir.

Q. And on September 11th you received the balance of \$12,750?—A. No, \$12,760.

Q. You charged \$303.33 interest on the amount advanced to the Browning Engineering Company?—A. Yes, sir.

Q. There is an amount of \$7,000 here that 1½ months' interest was charged on?—A. The dates are all there. You would have to figure them up for the average.

Q. Well, you figured it out from the statement, did you not?—A. Approximately sir. Of course, you understand that the money could not be placed in the account just at the exact date when the payments were made. The payments have got to be

anticipated a certain time because I would not know when these bills might reach my office.

Q. What I understand is that there is  $1\frac{1}{2}$  months' interest?—A. It is not  $1\frac{1}{2}$  months' interest. The payments were made at different times. You will have to average them up.

Q. Take June 11th. On that date Mr. Wallberg paid \$5,200 to the Browning Company. Now there is  $1\frac{1}{2}$  months' interest charged?—A. That is not correct. Where do you get your month and a half. You will have to figure the thing out in the correct way if you want to do so. I don't see what is the use of taking up the time of the committee. You have the figures exactly there.

Q. I would like to have this interest charge explained thoroughly?—A. Go on, figure it out. You have the statement of dates, figure it out and produce your result.

Q. Well, there is interest charged amounting to \$303.33?—A. Of course, you understand the government is not paying this interest. This is a statement showing my cost and it does not affect the government.

Q. You paid the interest?—A. It does not affect the government. I am not charging the government interest.

Q. Did you pay out \$303.33 interest on the money that you advanced the Browning Engineering Company?—A. That is what I claim.

Q. Did you do it?—A. Of course.

Q. Do you swear you paid \$303.33 interest on the money which you advanced to the Browning Engineering Company?—A. Yes, as correctly as I can figure it out from that statement. Figure it out for yourself.

Mr. REID (Grenville).—I will figure it out before I get through.

*By Mr. Boyce:*

Q. Well, Mr. Wallberg, will you produce, or send to the secretary of this committee, the original invoices for these cranes that you received from the Browning Engineering Company?—A. Yes, I can produce those—you understand, as I explained before, that the price was to be \$5,425, and then subsequently on account of cash payments there was a reduction of \$225.

Q. So that the price was \$5,200 net?—A. Yes, but the invoice was \$5,425.

Q. And beyond that price you were paid no commission or rebate at all?—A. \$5,200 is net.

Q. Absolutely net, and you will file with the secretary of the committee the original invoices in order to be put upon the notes?—A. The original, or copies will do, I suppose?

Q. Send the originals, please?—A. Yes, I will send everything I have got.

Q. Because they will be returned to you as soon as they have been put upon the evidence.

Mr. BOYCE.—Well, that is closed then——

Mr. REID (Grenville).—I do not want the examination in reference to the locomotive cranes closed until I have had this question of interest worked out satisfactorily, but you can proceed with the examination in some other case in the meantime.

The committee proceeded to consideration of two payments of \$4,470 each to E. A. Wallberg for water tanks at Rivière du Loup (W—28 Auditor General's Report, 1905-6) and Truro, N.S. (W—31 Auditor General's Report, 1905-6).

Mr. E. A. WALLBERG further examined.

*By Mr. Boyce:*

Q. You constructed a number of water tanks under contract with the Department of Railways and Canals?—A. Yes, sir.

Q. What was the class of tank you constructed, was it a standard type?—A. It was.

## APPENDIX No. 1

Q. All of the same dimensions?—A. Well, there were several kinds of tanks; there were large tanks on steel towers and also tanks on lower towers for ordinary locomotive filling.

Q. Now, the tanks were invariably of steel, were they—I mean on steel towers?—A. The high ones were on steel towers, but the low ones were on wooden towers.

Q. Before you tendered for the tanks at Truro and Rivière du Loup you had built other tanks for the Intercolonial?—A. Yes, sir.

Q. At what other places?—A. I built them at Chaudière Junction and St. Flavie.

Q. Oh, yes, you built more than that?—A. Not before that time that I remember.

Q. Didn't you?—A. You can see by the dates of the contract. There is another tank contract, I think.

Q. After that you built a number of them?—A. Yes, sir.

Q. At Gibson, Upper Cross Creek, Boiestown, Blackville, Chatham Junction, Loggieville and Drummondville?—A. Yes.

Q. Were the specifications the same for the tank which you built at St. Flavie as for those you built at Truro and Rivière du Loup?—A. At St. Flavie—yes, sir.

Q. It was the standard type of tank used on the Intercolonial Railway, whether of small or large size, whether high or low?—A. No, it was a different tank entirely for the low ones, smaller capacity.

Q. Well then, the tanks you built at Truro and Rivière du Loup were of what kind—low or high?—A. High.

Q. Before you put in your tender you saw the specifications, did you?—A. Yes, sir.

Q. And the specification called, among other things, for twelve concrete piers and walls?—A. Well, you have the specification there, I do not remember that.

Q. Do you remember that?—A. I know that there are piers under the tanks.

Q. But you don't know how many?—A. Twelve.

Q. And for a steel tower?—A. Yes, sir.

Q. And with regard to quality, the specification required 'all steel shall be made at works of established reputation by the basic or acid open hearth process.'—A. Yes.

Q. Of what material was the tank to be built?—A. Pine.

Q. Now, did you build towers for those tanks of steel?—A. Yes, sir.

Q. You did, in accordance with the specification?—A. Yes, sir.

Q. You did. I will read you a letter to the department dated the 5th of August, 1905, addressed to D. Pottinger, Esq., general manager, I.C.R.:—

'DEAR SIR,—I beg to submit as follows:—

'Tender for 80,000 gallon water tanks at Rivière du Loup and Truro.

'I have examined the plans and specifications for the water tanks and towers for Rivière du Loup and Truro, and quote you as follows:—

'For each tank made from stock lumber, price, \$4,470.

'For each tank, in case I can procure, saw, and dry the lumber, price, \$3,970.

'All parts of these structures will be made in Canada.

'Yours very truly,

'E. A. WALLBERG.'

Which of these tenders was accepted?—A. The price of each tank was \$4,470.

Q. Then did you represent to the department that you were not able to 'procure, saw and dry the lumber'?—A. I do not remember.

Q. You do not remember—now that was your tender?—A. If that is what it reads.

Q. There is no doubt about that, that is among the papers which have been produced by the department—that was your tender on the specifications, Mr. Wallberg, wasn't it?—A. Let me see it.

Q. I cannot show you the original, that is all I have, a copy; I will put in the original if there is any doubt about that, but that is the copy which comes from the de-



partment, and, of course, that is all I have—that is your tender?—A. That is my tender.

Q. How did you send that tender?—A. I do not know—I do not remember just how it was sent.

Q. Did you deliver it personally to Mr. Butler?—A. I do not think I did. I can't say about that, until I see the document, and see who it is addressed to.

Q. It is addressed to Mr. Pottinger; to whom did you deliver it?—A. I do not know that I delivered it at all, perhaps I mailed it.

Q. Did you send it by mail?—A. I can't say.

Q. Did you send any other letter with it?—A. I could not say.

Q. Would you be liable to?—A. I might.

Q. Was that your tender?—A. I cannot say if there were any other documents.

Q. Was that what you intended as your offer for the performance of that work, or not?—A. It shows that way.

Q. That was the actual offer that was accepted, wasn't it, \$4,470?—A. Yes.

Q. But if you could 'procure, saw and dry' that lumber you would accept \$3,970?—A. That is what it says.

Q. Didn't you 'procure, saw and dry' the lumber?—A. The lumber was cut specially for the purpose.

Q. Didn't you 'procure, saw and dry' that lumber?—A. Well, it was dried lumber. I do not remember now just how it was procured. But lumber, according to the specification, was put in the tank.

Q. Did you procure lumber for the tanks?—A. Of course I procured it.

Q. Did you saw it?—A. I bought the lumber dressed.

Q. Did you 'saw and dry' it?—A. I bought it in the form of staves.

Q. And you put it into the tanks?—A. Of course it was put into the tanks.

Q. But you procured the lumber sawed and dried, did you not?—A. It was procured in the form of staves, dressed ready to put in the tank.

Q. You were to procure, saw and dry the lumber for these tanks, were you, or were you not?—A. I have just explained that I bought the staves dressed.

Q. Answer the question directly?—A. The tanks would not have been built if I had not procured the lumber, that is evident.

Q. The tanks would not have been built if you had not procured the lumber. You had not got the lumber then?—A. I don't remember about that.

Q. You say the tanks would not have been built if you had not procured the lumber?—A. I bought —

Q. I ask you to state to the committee whether you had got the lumber then?—A. I don't remember.

Q. You don't remember that?—A. I don't.

Q. If you had the lumber then, that was what was contemplated by the alternative tender of \$3,970, was it not?—A. I don't remember. I have got to see the files before I can speak as to that.

Q. Is that not what you mean, that if you were able to use the lumber which you had sawed and dried, your contract price would be \$3,970?—A. Well, let me see the letter.

Q. There is your letter (exhibiting document)?—A. Well, there are some explanatory letters. I want to see the documents so that I can refresh my memory.

Q. Then you are unable to explain to the committee what you meant by the alternative price of \$3,970 in your offer of August 5th, 1905, to Mr. Pottinger?—A. No.

Q. Will you answer that question? Are you able to explain to the committee what you mean by the alternative offer of \$3,970 for the construction of these tanks in your letter to Mr. Pottinger of August 5th, 1905.

Mr. MACDONALD (Pictou) raised the objection that before answering the witness should be shown all the letters bearing upon this particular matter.

Mr. BOYCE.—I have put in and submitted to the witness a letter, absolute on its face, in which the witness quotes a price of \$4,770, and another price, in case he can



## APPENDIX No. 1

procure and saw and dry the lumber, of \$3,970. Now, I ask him what he means by the second amount. I do not think that I need go beyond that letter in asking his explanation of it.

Mr. MACDONALD (Pictou).—But there is another letter referring to the same matter.

Mr. BOYCE.—If you know of it you can put it in when I have finished. At present I am examining the witness upon the letter which he has written and not upon any other.

Mr. MACDONALD (Pictou).—I asked you and you said there was another letter.

Mr. BOYCE.—I am examining the witness upon a letter which he has admitted having written and which has been put in. Now, I ask the witness what he means by the alternative price of \$3,970.

Mr. MACDONALD (Pictou).—Yes, but there are two letters.

Mr. BOYCE.—I have only referred to one letter. In this bundle which I have in my hands I do not say that there is any other letter which I will show to the witness. He has already said, with respect to the letter which has been produced, 'That is my offer.' I ask him to explain that offer, and my honourable friend says that before he does I should show him every letter that I hold in my hands bearing upon the subject. I do not propose to adopt that course, unless, Mr. Chairman, you rule that I should do so. I say that if the witness made an offer of \$3,970 he ought to be able to offer some explanation of it.

The CHAIRMAN.—Yes, but supposing the witness asks to see the other letter?

Mr. MACDONALD (Pictou).—That is it, the witness asked to see the other letter.

Mr. BOYCE.—You are not stating the circumstances correctly.

Mr. MACDONALD (Pictou).—Why the witness stood up in order to come and look at the other letter.

The CHAIRMAN.—If the witness requires to see the other letter in order to answer the question I suppose there is no objection to it.

The WITNESS.—I have got to see it.

Mr. BOYCE.—There is this objection: I have put in a letter by itself and it is complete in itself. I am now asking the witness simply to explain what he means by that letter. Surely I have not to suggest any other letters to him.

Mr. CHISHOLM (Antigonish).—And the witness has replied, 'I can answer the question if you will let me refer to the correspondence.'

The CHAIRMAN.—It is for the witness to say whether he can answer the question without referring to the correspondence or not?

The WITNESS.—I can't.

*By Mr. Boyce:*

Q. Now, witness, will you answer that question?—A. I can't answer it.

Q. Why?—A. I want the letters that I wrote at the time. I don't remember the facts now.

Q. You told me a while ago that you did not know whether you had written any other letter than the one which was produced?—A. That does not deny that I did.

Q. Now, you tell me that you cannot answer my question, without what?—A. If there is no other letter I cannot answer it at all.

Q. What is your explanation, you cannot answer that question without what?—A. I don't remember.

Q. You don't remember what you meant?—A. No, I don't.

Q. Well I will take that answer. Have you any recollection of writing any other letter after the one of August 5th, 1905?—A. I don't know.

Q. You don't know whether you can give any explanation at all or not of the alternative price of \$3,970 to build these tanks on the conditions laid down in your letter of August 5th?—A. I don't know.

Q. I am going to refresh your memory. You admit that you did tender at

\$3,970 if you could procure, and saw, and dry the lumber, do you not?—A. That is what the letter stated.

Q. That is what you intended was it not?—A. I presume so, that is what the letter says with my signature.

Q. Now you wrote from Montreal on 6th August, 1905, to Mr. Pottinger. That is the day after the date of your tender. I wonder if the letter to Mr. Pottinger was an afterthought. However, here it is (reads):—

Montreal, 6th August, 1905.

D. POTTINGER, Esq.,

General Manager, I.C.R.,

Moncton, N. B.

DEAR SIR.—I enclose herewith my certified cheque for \$894.00, to accompany my tender for water tanks for Rivière du Loup and Truro.

I beg to call your special attention to the fact that I have a lot of materials on hand, and can complete the work earlier than specified in your specification. The specified date is 30th November next, and as the piping and connections are to be done by the Railway Co., it would, on this basis, be winter before the tanks could be completed for service.

I also wish to advise that many tanks and towers are made in Canada, as no doubt bidders, figure on structures obtained from the United States.

Yours truly,

(Signed) E. A. WALLBERG.

Do you recognize that letter. I cannot help you much because I have not got the originals.

A. That is a copy of my letter.

Q. What material did you have on hand?—A. I don't remember that now.

Q. Now then can you tell me whether that was part of your tender, the letter of the 5th of August and the letter of the 6th of August, 1905?—A. These are both my documents.

Q. Do they constitute your tender, or did the one or the other constitute your tender?—A. The second one is not a tender.

Q. Then the first one is a tender?—A. Yes.

Mr. MACDONALD (Pictou).—That is a question of law, Mr. Chairman.

*By Mr. Boyce:*

Q. The second one is not the tender?—A. It explains the tender, I suppose it would be a part of it, I do not know.

Q. Now, having read the letter of the 6th of August, will you please tell the committee what you mean by the 'alternative proposition' to build each tank, in case you can 'procure, saw, and dry lumber' for \$3,970?—A. I do not remember the circumstances or the conditions surrounding that now.

Q. Are you able to offer the committee any explanation at all about what you meant?—A. I do not remember anything particular about it, I would not remember the tender unless I had read it.

Q. It was just a joke on your part?—A. No, it was not.

Q. If it was not a joke, do you mean to tell the committee what you meant?—A. No, I do not remember the circumstances surrounding that contract.

Q. Do you know who the other tenderers were?—A. No, I have no idea.

Q. They were principally Americans, were they not?—A. I have no idea, I never heard.

Q. Or were they not?—A. No, I never heard.

Q. Did you ascertain what American firms were tendering?—A. No, I did not hear anything about it.

Q. You knew of course there was competition?—A. I expected that.

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Mr. MACDONALD (Pictou).—I would suggest that Mr. Boyce put in the list of tenderers here.

Mr. BOYCE.—I was just going to ask permission to put in the list of tenderers here. The list is as follows:—

‘(a) The Canadian Fairbanks Co., Montreal, \$4,900 ea. above foundation. Steel structure not guaranteed in accordance with spec’n. \$4,300 ea. if given 4½ mos. for delivery of first tank and 6 wks. add’l for delivery of second tank.

‘(b) The Loco. & Machine Co., Montreal, tower.. . . . \$1,448  
Er’n.. . . . 420

Truro.. . . . 1,868

Tower.. . . . 1,448  
353

Rivière du Loup.. . . . \$1,801  
f.o.b. cars Montreal.’

Mr. BOYCE.—That appears to be for the tower only, Mr. Butler?

Mr. BUTLER.—That is for the tower only, they do not bid on the tank.

Mr. BOYCE.—The other tenders were:—

‘(c) Chicago Bridge & Iron Works, \$4,780 for steel tank at Truro 100,000 U.S. gals. foundations to be built by govt., \$4,780 Riv. du Loup. Same conditions.

‘(d) Emile Dubé, Rivière du Loup, Que., \$4,900, at Riv. du Loup according to plans and specifications. Above foundation.

‘(e) E. A. Wallberg, Montreal, \$4,470 built of stock lumber. \$3,970 each, in case he can procure, saw, and dry the lumber.’

Those are all the tenders that went in. The tender of the Chicago Bridge and Iron Works is dated August 1, 1905. That of Emile Dubé is dated the 5th of August, 1905, that of the Locomotive & Machine Company of Montreal, is dated the 3rd of August, 1905. The Canadian Fairbanks Company put in a tender dated August 28, 1905, and the Locomotive & Machine Company put in another tender dated August 29, 1905, you were finally granted this contract by order in council dated October 9, 1905, which I will now put in. (Document read and filed as follows):—

‘DEPARTMENT OF RAILWAYS AND CANALS,

‘OTTAWA, October 9, 1905.

‘To His Excellency the Governor General in Council.

‘MEMORANDUM,—The undersigned has the honour to represent that, by poster and newspaper advertisements, tenders have been sought for the construction of two 80,000 gallon water tanks for the Intercolonial Railway, one at Truro, N.S., and one at Rivière du Loup, Que. In response, five offers have been received, the highest the bulk sum of \$9,000, and the lowest, that of Mr. E. A. Wallberg, \$8,940.

‘The undersigned recommends that authority be given for the acceptance of the tender of Mr. Wallberg.

‘Respectfully submitted,

‘H. R. EMMERSON,

‘Minister of Railways and Canals.’

Now, on the 9th of September, after all the tenders were in, you wrote another letter about these tanks, didn’t you?—A. I do not recollect—

Q. I will read it to you, and see if you recollect it now:



7-8 EDWARD VII., A. 1908

'MONTREAL, September 9, 1905.

'W. B. MacKENZIE, Esq.,  
Chief Engineer, I.C.R.,  
'Moncton, N.B.,

'DEAR SIR,—*Re* my tender for tanks.

I understand that the tank at St. Flavie which I am now building, cannot be filled with water before next summer or later. All the lumber for this tank is now on cars at St. Flavie, and in case you can allow me to build a tank at Rivière du Loup, I could ship this material intended for St. Flavie to you at Rivière du Loup, and could build the tower for same from stock, so I could complete that work at once. I understand the tank there is needed now. The tower at St. Flavie is now erected, and I would be ready to erect the tank at any later date you might specify. I am afraid that this tank, if erected now, and left empty for a long time, would be injured.

'Yours truly,

'E. A. WALLBERG.'

Q. Those were truthfully represented facts, were they not?—A. I believe so,

Q. I want you to allow me to refresh your memory with regard to your letter of August 6 in which you say that you have a lot of materials on hand and can complete the work earlier than specified in the specification, which is 30th November, also with regard to your letter of September 9th in which you state that you have the material on the car and can transfer it to Rivière du Loup for the construction of these tanks. On the 9th of October you were awarded the contract. When did you get to work on these tanks?—A. I started to work I suppose immediately.

Q. Immediately you entered into contract?—A. Yes, sir.

Q. And when did you finish?—A. I don't remember that.

Q. On the 8th November, it appears, you were notified that your tender had been accepted. I now put in a letter of yours to the following effect (reads):—

MONTREAL, 9th November, 1905.

L. K. JONES, Esq.,  
Secretary, Department of Railways and Canals,  
Ottawa, Ont.

DEAR SIR.—I have your favour No. 89251 dated the 8th inst., accepting my tender for the construction of water tanks for the I.C.R., at Truro and Rivière du Loup, at a price of \$8,940 for the two tanks. I will proceed with same at once.

Thanking you,

I remain yours truly,

(Sgd) E. A. WALLBERG.

Why did you apply for an extension of time for the completion of this contract?—A. I don't remember the conditions surrounding that.

Q. Here is a letter from you to Mr. MacKenzie (reads):—

MONTREAL, January 18, 1906.

W. B. MacKENZIE, Esq.,  
I.C.R., Moncton, N.B.

DEAR SIR,—In reply to your favour of the 23rd instant, I consider that I should have until July 31st next for the completion of this contract.

It is impossible to saw, and dry any of this material in the winter, and consequently some time must be taken for this drying in the spring.

Yours truly,

(Sgd) E. A. WALLBERG.

Is that letter correct?—A. That is my letter I believe.

Q. Do you remember the conditions that existed at that time?—A. No, I don't.



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Q. What were the conditions which prevented you from carrying out the representations which you made to the department before your tender was accepted in order to induce the department to accept your tender?—A. Well, I don't remember the conditions.

Q. Why were your representations not carried out? You state in your letter of September 9th that you have the lumber for the construction of the Ste. Flavie water tank on the cars. When you wrote that was it true?—A. It was if I wrote it in my letter.

Q. Did you use this lumber in the construction of this tank?—A. I can't say that now.

Q. You did not carry out what you represented in your letter of 9th September, that you could transfer the lumber intended for Ste. Flavie to Rivière du Loup for the tank there?—A. I don't remember whether I had authority for that.

Q. You could not have done it because in your letter of January 25th you say that it is impossible to dry any material in the winter and you want an extension for the completion of the contract until July 31, 1907. Is that correct?—A. That is what the letter says.

Q. Did you complete these tanks even by July 31st, 1907?—A. I don't remember the date of completion.

Q. Have you no idea when it was completed?—A. I don't remember that.

Q. There are no papers here which indicate when the contract was completed but the voucher for \$5,400 paid on account is dated 27th March. Can you tell me when you started this work?—A. I don't remember those dates at all.

Q. Do you know how much work you had done when you asked for the extension of time?—A. I cannot tell you that.

Q. You received the contract apparently on February 19th and on the 14th June you were recommended an extension. Do you know how much work you had done on the contracts at the time of the extension?—A. I cannot say that.

Q. You cannot say?—A. I don't remember.

Q. Do you know anything about these matters at all?—A. I cannot remember the details of dates and progress, that far back on a contract of that kind.

Q. You cannot remember?—A. No.

Q. At any rate on the 25th January, 1906, you say 'It is impossible to saw and dry any of this material in the winter, and consequently some time must be taken for this drying in the spring.' On the 27th March you were paid \$5,400 on account of these contracts. What was that for?—A. The voucher would show.

Q. So that notwithstanding your statement that you could not proceed until the spring, you had earned by the springtime \$6,000, less 10 per cent?—A. You will understand that the larger portion of a tank of that kind is the steel work of the tower, the hoops and other iron work.

Q. Then will you say that your first payment of \$5,400 was based upon the material supplied?—A. Probably the part of it erected.

Q. Then in July that same year there is a voucher for \$3,540, which is stated to be the balance. Do you remember when the work was actually completed?—A. I don't remember the dates, no, sir.

Q. Have you no record to show it?—A. No, I have not.

Q. In regard to showing the dates, do you keep any books?—A. Yes, sir.

Q. Eh?—A. Yes, sir.

Q. Will your books show it?—A. The books will show the date I received my payment.

Q. I understand that, but will the record on your books show the date on which this tank was completed?—A. No, I have no record of that.

Q. The records of the correspondence show that the time was extended to the 31st July, 1906; did you apply for any further extension of time?—A. Not that I can remember.

Q. Have you any record in any of your books to show when this contract was completed?—A. I have no records of that.

Q. What happens when a contract is completed? Who certifies to its completion?—A. The government engineers.

Q. The government engineers—well, there is no doubt about this proposition that this contract was completed, at least, at the earliest, eight months after the time you had represented to the department you would complete it, wasn't it?—A. I don't know.

Q. You don't know. Can you tell me anything you do know about this contract except that you tendered for it and got your money?—A. I built the tanks.

Q. Are you sure about that?—A. You bet I am.

Q. Were you down there yourself?—A. Off and on, I was.

Q. Eh?—A. Not continually.

Q. How did you know that the tanks were built?—A. I have seen them.

Q. You have seen them built; did you see them built before you got your money for them?—A. Certainly.

Q. You saw them yourself?—A. Oh, yes.

Q. Who had the entire charge of the work for you?—A. There were several foremen in charge.

Q. Did you sublet that contract?—A. No, sir.

Q. You didn't sublet the work? Well, it is a fact that you said you would complete the work before the 30th of November, and you did not complete it until after the 31st July following, or eight months overdue, were you not?—A. I do not know there is anything to show that.

Q. I think there is a good deal to show that by your letter. Now, your contract was for the highest amount, \$4,470, was it?—A. That was my regular tender in accordance with the advertisement and the plans and the specifications. The other was an irregular tender.

Q. Now, let us see, in the light of these facts, how it compares with the other tenders. Your price was \$4,470, built of stock lumber, and you represented that you would build it, by reason of having the lumber on hand, actually on the cars, that you would build it before the time specified, namely, November 30, 1905. The Canadian Fairbanks Co.'s tender was for \$4,300, if given  $4\frac{1}{2}$  months for delivery of the first tank and 6 weeks additional for delivery of the second tank?—A. And not guaranteeing the steel.

Q. They would have completed their contract long before you, wouldn't they, on that  $4\frac{1}{2}$  months, and 6 weeks for the additional tank?—A. I do not know.

Q. Wouldn't they? Isn't it a matter of figures?—A. Well, you have the figures.

Q. You took over eight months from the time specified?—A. There is nothing to show I took over eight months.

Q. I think I made that perfectly clear by your letter?—A. I don't think you have.

Q. I do not propose to go over it again, it is in the evidence?—A. I beg pardon, you were just asking two or three questions about it, and it is not shown at all in the evidence.

Q. The time was extended to the 31st July, 1906?—A. That does not say that the 31st of July was the day I completed it.

Q. Do you say that you had completed it on that day?—A. I do not know anything about it.

Q. Do you know?—A. I do not know.

Q. Then, you didn't have it completed until August?—A. I do not know.

Q. You did not complete it before the 1st of July, did you?—A. I don't know, I haven't the dates.

Q. Did you complete it before the first of June?—A. I have just said several times I do not know the date, it is no use asking me that.

Q. You do not know. Well, then, the Canadian Fairbanks Company's contract

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would have been completed within the time you were taking for completion?—A. I do not know anything about their tender at all, I can't answer that.

Q. I am taking their tender, and their offer to build it for less than your price if given four and a half months for the first and six weeks additional for the second.—A. Understand, this was to complete that work according to the plans, specifications advertisement and tenders—I do not know what the government did.

Q. Why did you put in a bill against the department for \$4,470 for each tank?—A. That was my contract price.

Q. That is your contract price. You built them of stock lumber, of lumber that was sawd, and dried, and procured by you?—A. I do not remember.

Q. Do you remember what you built them of?—A. I built them of pine. I know that I built them according to specifications in every particular.

Q. Do you remember where the lumber came from that you built them of?—A. No, I do not, that is a detail I cannot tell you.

Q. Yes, it is a detail that went to the very root of the contract, because if you could procure, saw and dry the lumber, you were only to charge \$3,970, or \$500 less for each tank, isn't that a fact?—A. I do not know anything about that at all; I know that the government accepted my tender for that money, I built the tanks exactly in accordance with the plans and specifications, and there were no extras.

Q. The government accepted your tender for \$4,470, relying upon the fact that your price would be reduced to \$3,970 if you built that tank of lumber which you had on hand, and which you represented you had?—A. There was nothing in my contract with the government about any other price but \$4,470 that I remember.

Q. I see; well, we will put it in this way—before you got the contract you represented to the government that you could do it for \$500 less under certain conditions, and you took advantage of the fact that these conditions were not inserted in your contract?—A. I did not take advantage of anything.

Q. We will just see. Tell me, sir, whether you built that tank of lumber that you procured, and sawed, and dried?—A. I have answered two or three times that I don't remember.

Q. Oh, you don't know. If you did, you charged the government \$1,000 too much and pocketed the money, did you not?—A. No, I did not.

Q. According to the interpretation of your tender, you undertook to procure, and saw, and dry the lumber for each tank for \$3,970. Then you wrote to the department and told them that you had that lumber on the car and that you would complete the contract before the 30th November. As a matter of fact, you took until 30th July of the following year, and then you charged the full contract price, and got the money?

Mr. MACDONALD (Pictou).—What is the contract for?

*By Mr. Boyce:*

Q. That is the point I am making. You took the contract for \$4,470 each, did you not?—A. Yes, sir.

Q. You complied with your own condition as to the procuring, sawing, and drying of the lumber?—A. I don't know.

Q. Will you say that you did not?—A. I don't know. I am not guessing.

Q. You did get the extra \$1,000?—A. There is no extra \$1,000.

Q. There was not any?—A. No, sir, not an extra cent was paid.

Q. You wanted the government to understand that you could procure and saw and dry this lumber yourself, and that they would get each tank for \$500 less, did you not?—A. Whatever is in my correspondence.

Q. And then you told them that you had the lumber on the car?—A. Whatever I wrote them was a positive fact.

Q. And under those conditions, having built your tank, you took the top price and deprived the department of the benefit of the lower amount? Do you know whether there is any consideration incorporated in this contract at all?—A. I don't know what you refer to at all.



Q. I am talking about your original contract with the government. You say this is the contract (exhibiting document)?—A. Yes. That speaks for itself. You have got the contract there, and it speaks for itself.

Q. The contract was \$4,470. You say that you are entitled to get this amount, don't you, because it is a contract irrespective of your tender?—A. The contract is what I am working under.

Q. Then, if there is any mention of this amount of \$3,970 in the contract, you have charged too much, have you not?—A. No, I don't see that.

Q. You have not?—A. Why, no. What proof have you got of what you say?

Q. Not when you say that you have this lumber on hand?—A. What proof have you got?

Q. I am asking you?—A. I have offered no evidence to prove anything of that kind.

Q. You have not?—A. Certainly not.

Q. Because your memory is woefully deficient on that subject?—A. I don't think it is. I am not supposed to remember details of this kind.

Q. I will ask you now something that goes to the very root of the matter. Did you or did you not, in connection with that contract, supply lumber that you procured sawed and dried?—A. I have answered several times that I don't remember these details.

Mr. BOYCE.—You have told me that you are giving information, but your information consists of 'I don't know.'

*By Mr. Macdonald (Pictou):*

Q. I suppose that as the department accepted your absolute and unqualified tender by which you took all risk, any incident about lumber ceased to have any effect at all?—A. That did not enter into it afterwards.

*By Mr. Boyce:*

Q. That is, that the condition of the price of \$3,970 did not enter into the contract, in your estimation, after that contract was signed?—A. I was working under the contract absolutely.

Q. Irrespective of your representations in inducing the department to give you that contract?—A. Of course. I was working under the contract.

Q. Then you are throwing the responsibility upon the deputy minister, or whoever negotiated the contract, are you not, for your conditions?—A. They have never considered an irregular tender from me, never. I have submitted a number of irregular propositions that have never been given any consideration.

Q. So you carried out the contract irrespective of the representations which you made to the department to induce it to award the contract to you? What do you mean by irregular propositions?—A. I mean in connection with other work. I have sent in at times propositions that were not asked for by the government, or matters of that kind that were not called for in their plans or specifications, the same as I would to a private concern, but they have never been considered, because of being irregular.

*By Mr. Reid (Grenville):*

Q. And the department have never accepted any of these irregular propositions?—A. No, they could not. How could they?

Q. I think the Browning Company's cranes was one?—A. There was nothing irregular about that.

*By Mr. Boyce:*

Q. You have accepted a lot of work from this government without a contract, have you not?—A. Very little without a contract.

Q. How is it that these cheques are made payable to the Imperial Bank?—A. That is because I am travelling around the country, and they come into the bank without any bother to me, and are credited to my account.



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Q. That is the only reason?—A. That is the only reason.

Q. And these contracts are entirely yours?—A. Oh, yes.

Q. Do you represent any company or syndicate of persons?—A. No, sir.

Q. The benefits of the contract, to whom do they go?—A. They come to me.

Q. To the Imperial Bank or yourself?—A. To myself.

Q. To yourself?—A. Yes, sir.

Q. And your bank books will show that?—A. Yes, the bank books will show that.

Q. You keep books of account?—A. Yes, sir.

Q. And all the moneys that are paid in under these contracts are accounted for in these books of account?—A. Yes, sir.

Q. They are all credited, and the appropriation of these moneys is shown on the books of account in detail?—A. Yes, sir.

Q. So that you can produce at any time your books showing the receipts and disbursements of these moneys?—A. Yes, sir.

Q. Do you keep a trust account?—A. No, sir.

Q. Are any of these cheques made out payable to E. A. Wallberg in trust, that you know of?—A. No, I don't know of any.

Q. I am asking for information. Is that the fact?—A. No.

Q. That is not the fact. All the moneys that were received from these government contracts went into the account of E. A. Wallberg in the Imperial Bank at Montreal?—A. Yes, sir.

Q. And were chequed out therefrom?—A. Yes, sir.

Q. Were any of these payments made to you turned over to the Steel Concrete Company?—A. No, sir. The Steel Concrete Company has not had anything to do whatever with contracts in my name.

Q. Did the Steel Concrete Company ever perform any contracts which were awarded to E. A. Wallberg?—A. No, sir.

Q. Are you absolutely sure of that?—A. Absolutely sure.

Q. You are absolutely sure of that? The staff of E. A. Wallberg, that is the engineering and technical staff, and that of the Steel Concrete Company is one and the same, isn't it?—A. No, it is not—it is in the same office.

Q. And are they not the same staff?—A. Well, a part of the staff is the same.

Q. A part of the staff is common to E. A. Wallberg and to the Steel Concrete Company?—A. Yes.

Q. And there are contracts with the government for both companies, both E. A. Wallberg and the Steel Concrete Company?—A. Yes, sir.

Q. And the Steel Concrete Company is, in reality, Mr. E. A. Wallberg?—A. Well, it is a limited liability company, and I am president of it.

Q. I ask you again, whether the Steel Concrete Company is not, in reality Mr. E. A. Wallberg, trading as 'The Steel Concrete Company'?—A. Well, as I say, it is a limited liability company—

Q. But it is practically your company, isn't it?—A. It is, yes.

Q. When these cheques are made payable to the Imperial Bank, to whom are they sent?—A. To the Imperial Bank.

Q. And not to you?—A. They should be sent to the Bank, and in every case, as I remember, they have been.

Q. They should be sent to the bank, and in some instances cheques were made payable to yourself personally?—A. In the early contracts I believe several were made that way.

Q. And then you gave an absolute power of attorney to the bank to collect all the money?—A. Yes, sir.

Q. Where did you get the material for the supply of steel for these tanks?—A. The steel for the contract was furnished by the Locomotive and Machine Company, Montreal.

Q. From the Locomotive and Machine Company, Montreal; and was the steel as good as specified?—A. Yes, sir.

Q. It was? Did it answer to the specifications with regard to its make?—A. Absolutely, in every particular.

Q. The Locomotive and Machine Company, Montreal, were tenderers on this contract?—A. I had no knowledge of that.

Q. Did you build the steel towers?—A. I constructed them, I erected them.

Q. And where was the steel made?—A. Well, I do not know where they purchased it, they furnished it to me fabricated.

Q. Eh?—A. They furnished it to me fabricated.

Q. You did not make any inquiries where it was made?—A. Their steel is purchased from the rolling mills.

Q. Where?—A. Either abroad or in the local market, as they happen to be favourable.

Q. Do you know where that steel came from that you put into those towers?—

A. I do not.

Q. Then, why do you say it complies with that specification, when you do not know where it was made?—A. Because that is the standard specification of the rolling mills, and they all comply with it. It doesn't matter where it is made, steel is standard.

Mr. BUTLER (Deputy Minister of Railways and Canals).—There is what is known as the Manufacturers' Standard specification, on which all steels in the market are based, and that is what is copied in the specifications for the tanks.

*By Mr. Boyce:*

Q. You employed a man to superintend the construction of these tanks—what is his name?—A. There were several.

Q. But who was the boss?—A. Mr. W. F. Boggis.

Q. He was in charge of both tanks?—A. In charge, yes, sir.

Q. It was his duty to superintend the construction of both tanks in your behalf?—A. Yes, sir.

Q. Was he alone the superintendent?—Well, he had foremen under him.

Q. He had foremen under him—that is what I mean, he would direct the work?—A. Yes, sir.

Q. Did he stay till the end, until it was finished?—A. Yes, sir.

Q. Is it usual, in the course of your business, for the superintendent to make any report to you as to the completion of the work?—A. You see, I make tours and visit the works very frequently, and there are no special reports ever made. We talk matters over when I call, and that constitutes the reporting.

Q. How do you make up your claims? What I mean is, upon what document do you make up your claim, when the contract is completed? Do you get a report from the superintendent first that the work is completed?—A. When the job is nearing completion, I talk over with him as to the details, and then, of course, usually the government engineers are in close touch with the work, and it is for them then to inspect, and if it is completed, they make out the vouchers.

Q. And then the voucher and the cheque follows?—A. Yes, sir.

Q. I see among the original papers, it is not in the copy brought down, that this appears to have been completed by the 21st May, 1907?

The CHAIRMAN.—That is the tanks?

Mr. BOYCE.—The tanks. I had better put that letter in, as I have referred to the extension to the 31st July.

The CHAIRMAN.—Has the contract been put in?

Mr. BOYCE.—No, the contract is here, it is very lengthy, but I can put it in. The time was extended to the 31st July, 1906, and it appears—

The CHAIRMAN.—It was extended in June, apparently.

Mr. BOYCE.—In June, until July, 1906.

The CHAIRMAN.—When was it completed? In May?

Mr. BOYCE.—In May, 1907.

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Mr. MACDONALD (Pictou).—The contract was signed on the 1st of February, 1906—

The CHAIRMAN.—Does the contract say anything about sawing and drying lumber, or is it a straight contract for \$4,470?

Mr. BOYCE.—No, it is a straight contract for the higher price.

Q. There is a standard plan of these tanks, is there not?—A. A railway plan, yes, sir.

Q. There is a standard plan of the railway tank which is used on the Intercolonial Railway?—A. They have a standard plan.

Mr. BOYCE.—That is all I have to submit on the subject of the tanks.

*By Mr. Macdonald (Pictou):*

Q. I notice, Mr. Wallberg, that this tender of yours was made in August, 1905?—A. Yes, sir, if that is the date on the document.

Q. And the \$4,470 represented a figure which you were tendering for definitely and certainly, and for which you were willing to complete the work without any conditions?—A. That is it, correctly, in accordance with the plans and specifications.

Q. That is dated August 5th. I notice also that the contract was not entered into ultimately until the 1st February, 1906?—A. Yes, sir.

Q. Necessitating an extension of the time for the completion of the contract?—A. Yes, sir, that would follow.

Q. And I assume that the conditions changed in connection with your facilities for performing the work, that is, between September and February?

Mr. BOYCE.—I do not think my honourable friend should assume anything. I think the witness should be able to state the fact.

Mr. MACDONALD (Pictou).—Has my honourable friend developed such an obstructive tendency that he says I cannot lead the witness?

Mr. BOYCE.—My honourable friend knows the way the question should be put. I don't think he should assume anything.

The WITNESS.—That was the case, because the fact of the contract not being entered into until February threw it into the middle of the winter, and the conditions would be materially different from what they would be in September.

*By Mr. Boyce:*

Q. The lumber that was on the cars fell off, I suppose?—A. What I mean is the difference in conditions caused by winter. If we are not allowed to begin work until the middle of winter, or February, it is not a time when we can begin anything. You cannot construct in those lower climates or carry out that kind of work. There is not a man living that would start on a tank in that kind of weather for a prolonged period.

*By Mr. Reid (Grenville):*

Q. How did it bring about a change?—A. Because the construction could have been done, certainly a part of it could have been done at all events, before the close of warm weather.

Q. But you did not carry out the contract until the warm weather arrived?—A. But I tendered in the previous year, and if the contract had been made at once, we could have got a lot of work under way before the cold weather set in.

Q. I admit that, but as it turned out, you carried out the contract in the spring?—A. Yes. I am not claiming any remuneration on account of the season or anything of that kind.

Q. What I want to ascertain, and what I think Mr. Macdonald is trying to get at, is in what way did it affect your contract; did it make it more expensive to you?—A. Well, it prolonged the completion of the contract, delayed it.

Q. Is that all the difference it made?—A. Well, I won't say—

Q. What difference did it make, or did it make any difference at all?—A. It prolonged the completion of the contract, that is one.



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Q. Anything else?—A. And then it might change the conditions as to the markets for materials.

Q. Well, did it in this case?—A. I cannot say that now. I cannot say whether it did or not.

*By Mr. Macdonald (Pictou):*

Q. What you mean is, you have not been carrying in your mind the events of the past two years with regard to this particular contract, so as to be able to say, for example, whether you sold part of the lumber which you had on hand, or whether you purchased new lumber, or what you did? But you say that whatever the conditions they would be affected by the prolongation of the contract?—A. That is just what I mean.

Q. I understand you to say that what you found was this: You made a conditional offer to the government, but that the government would not entertain any offer contingent upon conditions over which they had no control?—A. It was not in accordance with the plans and specifications, and they did not entertain it at all. They never have done so.

Q. There is a document I would like to put in, and that is the Report of the Committee of the Privy Council in regard to this particular tender (reads):

‘EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by the Governor General on 2nd November, 1905:

‘On a memorandum dated 9th October, 1905, from the Minister of Railways and Canals, representing that by poster and newspaper advertisement, tenders have been sought for the construction of two 80,000-gallon water-tanks for the Intercolonial, one at Truro, N.S., and one at Rivière du Loup, Quebec. In response five offers have been received, the highest the bulk sum of \$9,800, and the lowest that of Mr. E. A. Wallberg, \$8,940.

‘The Minister recommends that authority be given for the acceptance of the tender of Mr. Wallberg.

‘The Committee submit the same for approval.

(Sgd.) ‘JOHN J. MCGEE,  
‘Clerk of the Privy Council.

‘The Honourable The Minister of Railways and Canals.’

Your figures of \$8,940, as appears on this document, were the lowest for the construction of these particular tanks?—A. It appears so from the document.

Q. You executed a contract in accordance with that Order in Council?—A. Yes.

Q. And performed the work under its stipulations?—A. Yes, in every particular.

Q. And you received the contract price?—A. The contract price, and no extras.

Q. You received no extras?—A. No extras whatever.

Q. And no claims of any kind were allowed, other than contract price?—A. No.

*By Mr. Crocket:*

Q. Did the contract price for these two tanks at Rivière du Loup and Truro cover the foundations and all the work?—A. Above the foundations.

Q. And were there no schedule prices for excavation work, for foundation concrete or foundation work?—A. No, sir, there were no schedule prices in the contract.

Q. Well then, \$4,470 represented the complete price of the whole work?—A. Yes, sir.

Q. I notice that you had built six or seven other tanks for the Intercolonial, at Boiestown, Blackville, Chatham Junction, Loggieville, and other places?—A. Yes, sir.

Q. That is after these two tanks were completed?—A. Yes, after that.

Q. I notice, in regard to these contracts, that there was a bulk sum stated for the part of the tank above the foundation?—A. Yes, sir.

Q. And there were schedule prices for the foundation work?—A. Yes, sir.



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Q. Can you state what the contract was in each of these cases? I have a copy of the contract here, but it is indistinct.—A. The price was \$2,290.

Q. Well, then, the excavation was all extra? The excavation, refilling and grading was 25 cents per cubic yard. The stone masonry per cubic yard was also extra, the schedule rate being \$9.50. Supplying and driving piling, measured in work, below cut-off, per lineal foot, 25 cents; Southern II. Pine, in foundations per M. foot B.M., \$38. Flatted hemlock or cedar, in foundations, per lineal foot—what is the figure, 29 cents?—A. No, 22 cents.

Q. Iron bolts, plates, &c., in foundations, per pound, .028?—A. No, that is 25 cents.

Q. I notice that as a result of that you received for the completed tank in each case precisely \$3,480.75? Each tank cost precisely the same amount on the schedule prices added to the other amount?—A. I don't believe so.

Q. Is it not so?—A. I believe there was a difference in the foundations. The tanks were, of course, the same.

Q. The tanks were of the same capacity?—A. The same capacity.

Q. And the foundations were the same depth and the walls the same?—A. No, sir, the foundations were not the same. It depended upon the kind of soil, the kind of foundation, we found at each place, and that was impossible to foresee. The whole foundation work was on a basis of schedule prices, I presume for that reason.

Q. When you put in your tender, were you not able to ascertain the number of cubic yards of concrete and the number of feet?—A. I could not tell anything about that. That depended upon the kind of soil we found. A tank is a very heavy structure, and, certainly, it has got to have the very best foundation.

Q. In regard to the Truro and Rivière du Loup tanks, there were no schedule prices?—A. There were no schedule prices. I did not build foundations for the Rivière du Loup and Truro tanks.

Q. I notice that the practice seems to have grown up, more especially in regard to contracts which you have obtained from this department, of fixing about perhaps 25 per cent of the work at a bulk sum and about 75 per cent at schedule rates?—A. I have no knowledge of that, except I know there are schedules in practically all contracts for work done that I have seen, or nearly all.

Q. You had the contract for the Pictou engine-house, hadn't you?—A. Yes, sir.

Q. Didn't you receive on the schedule of rates at least 75 per cent of the whole contract?—A. A large portion of it was on schedule, that is the way with some of the very largest contracts, in fact, in regard to most of the very largest contracts now, that is the way the work is done, with the schedule of rates.

Q. I have a return here of the Pictou engine-house?—A. Yes, sir.

Q. It is a bulk sum contract, the bulk sum is for \$12,980, and for concrete masonry alone you received \$32,868?—A. That is probably correct.

Q. And solid rock excavation, \$348; hard pine in work, \$1,766.40, and iron drift bolts, \$1,440—the great bulk of the payments that you received on account of the Pictou engine-house was made up of schedule prices?—A. On the actual work put in.

Q. And the bulk-sum contract was the small end of it?—A. It was in that case.

*By Mr. Macdonald (Pictou):*

Q. Tenders were called for along that line?—A. Exactly, that is just exactly in accordance with the plans and specifications.

*By Mr. Crocket:*

Q. Who superintended the construction of the Pictou engine-house on behalf of the government?—A. There were two engineers, and two inspectors, and the Chief Engineer.

Q. The Chief Engineer is Mr. MacKenzie?—A. Yes, sir.

Q. You say that besides him there were two engineers and two inspectors?—A. Yes, sir.

Q. And were they there most of the time, or did they just make periodical visits to the work?—A. The two inspectors were resident, they were there, as I remember, all the time, and there was at least one of the two engineers there all the time, or practically so.

Q. One of the engineers was there practically all the time?—A. Practically all the time.

Q. Who gives the department the statement of the quantities?—A. Their own engineers.

Q. Upon whom did the department rely for the statement of the quantities?—A. Upon their men on the job.

Q. Upon those engineers or the inspectors?—A. I do not know.

Q. Can't you say which of them?—A. Well, in conjunction, I should say—I do not know just who gives that.

The CHAIRMAN.—It is one o'clock. Will you finish in a short time?

Mr. CROCKET.—No.

*By Mr. J. B. McColl:*

Q. You spoke of 'straight' tenders and 'irregular' tenders?—A. Yes, sir.

Q. A 'straight' tender is one that is put in in accordance with the government specifications?—A. Exactly.

Q. And an 'irregular' tender is one in which you suggest certain changes or modifications?—A. Yes, sir.

Q. That is what you meant by 'irregular' tenders?—A. Yes.

Q. Now then, in this particular case, you put in an 'irregular' tender at a reduced price?—A. You are referring now to the tank tenders?

Q. Yes, to the tank tenders?—A. Yes, sir.

Q. The government did not accept your suggestions about changes and modifications, but stuck to the specifications prepared by their own engineers?—A. That is it, exactly.

Q. You made a straight tender upon the government specifications?—A. Yes, sir.

Q. And your straight tender was accepted?—A. It was accepted as the lowest.

Q. And a contract was entered into accordingly?—A. Yes, sir.

Witness retired.

Committee adjourned.

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

OTTAWA, March 11, 1908.

The Select Standing Committee on Public Accounts met at eleven, a.m., Mr. J. B. McColl presiding.

The committee proceeded to the consideration of a payment of \$775 to E. A. Wallberg for girders supplied to the Intercolonial Railway at Truro, N.S., as set out at W-23 of the Report of the Auditor General for the fiscal period ended March 31, 1907.

Mr. E. A. WALLBERG, called, sworn and examined.

*By Mr. Boyce:*

Q. You supplied steel girders at Truro?—A. Yes, sir.

Q. You supplied how many for the cinder pits—or is that at Moncton?—A. At Truro; there were seven double girders supplied.

Q. Seven steel girders?—A. Yes.

## APPENDIX No. 1

Q. Sixteen-foot girders?—A. Yes.

Q. And they were shipped to Chaudière Junction?—A. No, sir—there was one set shipped to Chaudière Junction, and one set to Truro, seven in each set.

Q. So that there were two lots of girders?—A. Two lots, yes.

Q. Were these supplied without tender?—A. There was no tender, so far as I know.

Q. Eh?—A. I do not know of any tender.

Q. You do not know of any tender; under what arrangement were they supplied?—A. Well, Mr. W. B. MacKenzie, the Chief Engineer of the Intercolonial Railway, spoke to me when I was in Moncton, and told me there were cinder pits which they had to construct quickly, and he was unable to obtain the steel girders for them. He asked me whether, under my arrangement for obtaining steel, I could put this thing through and get them out quickly, as he had no other way of getting them.

Q. Do you remember what time that was?—A. I haven't the date, perhaps you have it there.

Q. Can you tell me when they were furnished—what date?—A. I think so, if I can—

Q. Oh well, I think possibly I have it here; here is the shipping bill; it is dated November 8th, 1906, for those sent to Chaudière Junction. Can you tell me what date the others were sent to Truro?—A. Practically the same date.

Q. They were all in one lot, were they?—A. Yes, sir.

Q. Where did you get those?—A. From the Locomotive and Machine Company, Montreal.

Q. Are they the kind of stuff that is kept in stock?—A. Well, they have to be manufactured.

Q. They have to be manufactured?—A. Yes.

Q. And these were manufactured for you?—A. Yes, sir.

Q. And the price was 4½ cents per pound?—A. Yes, sir.

Q. Who paid the freight?—A. I paid the freight to Truro, and the railway paid the freight to Chaudière Junction.

Q. They paid the freight to Chaudière Junction?—A. Yes.

Q. All you did was to supply them?—A. No sir.

Q. All you did was to supply them?—A. To supply them.

Q. And you supplied them on a commission basis, did you, or you bought them from the Locomotive and Machine Company and supplied them to the Intercolonial Railway?—A. Yes, sir.

Q. What profit did you make on the transaction? How much did they cost you?—A. The girders at Truro?

Q. Yes, how much per pound?—A. Well, I do not know just what they cost me per pound; I can give you the dollars and cents.

Q. You charged the railway by the pound?—A. Yes, but it multiplies up to a certain bulk sum, of course.

Q. What did these girders cost you from the Locomotive and Machine Company? What was the price at which the Locomotive and Machine Company sold to you?—A. \$455.88.

Q. Have you got the invoice there?—A. That was at their works—yes, I have the invoice.

Q. Will you produce the invoice for those girders, please—at their works?—A. (Document produced.)

Q. (Reads) '14 double beam girders, \$911.76'; that is for the whole; these were shipped from Montreal, seven to Chaudière Junction and seven to Truro?—A. Yes, sir.

Q. And the price was f.o.b. Montreal?—A. At Long Point; that is, there is a freight charge to get them into Montreal.



Q. And you billed the Intercolonial Railway with seven of them at \$775—you billed the Intercolonial Railway with another seven at \$702.68, is that correct? That is what appears by the Return of the Auditor General?—A. Yes, in that \$775 there was \$72.31 freight included.

Q. How much?—A. \$72.31.

*By Mr. Barker:*

Q. Was that freight on the fourteen or on the seven?—A. On the seven to Truro.

*By Mr. Boyce:*

Q. Who paid that freight?—A. I paid it.

Q. And added it to the bill?—A. Yes, and charged the railway because my price was at Montreal.

Q. We will put it this way: The price at which you sold to the Intercolonial Railway for those sent to Truro was——?—A. The price was \$707.40.

Q. \$707.40?—A. That is correct.

Q. \$707.40 net, and those sent to Chaudière were?—A. The same price.

Q. \$707.40, and that is \$1,414.80 for the two sets. You turned these girders over to the Intercolonial for \$1,414.80, the stuff that you bought from the Locomotive and Machine Company for \$911.76?—A. Yes, sir.

Q. You charged freight in addition to these amounts?—A. Yes, sir.

Q. You tendered also for umbrella roof over concrete platform; where was that?—A. At Sydney.

*By Mr. Macdonald:*

Q. With regard to these girders, Mr. Wallberg, what are they?—A. They are a riveted girder.

Q. Are they a manufactured article?—A. They are a manufactured article; they are riveted steel girders.

Q. Where did you obtain them?—A. From the Locomotive and Machine Company, Montreal.

Q. In Montréal—at whose instance did you supply them?—A. Well, I received an order from the Intercolonial for the girders.

Q. Who was it saw you in connection with the Intercolonial Railway in reference to this matter?—A. Mr. MacKenzie, the chief engineer, who explained to me as I have already stated a little while ago, that he had these cinder pits to build and it was necessary to obtain steel girders. He was not able to buy them from any of the companies and get delivery, and as I had contracts for other steel work with the Locomotive and Machine Company, and as they never questioned any shipment of mine as to what it was for or anything of that kind, I simply put in that order and it went into the bridge shop as a part of my order, ahead naturally, of a good many orders that were on the books, having been received between the time I had placed my first large order and the time this was given to me, so that I was able to get delivery in that way by working in these girders under my general arrangement with the Dominion Bridge Company.

Q. Did you have any discussion with any other officials of the railway, with the exception of Mr. MacKenzie about it?—A. No, sir.

Q. He was the man who made the arrangements with you?—A. Yes, sir.

Q. Was that in connection with the completion of the roundhouses at Truro or Chaudière?—A. The cinder pits were in connection with these roundhouses. They could not operate them without these cinder pits.

Q. These were pits in the roundhouses at those two points?—A. Yes, sir.

Mr. MACDONALD (Pictou).—For the information of the committee I will put in this telegram from Mr. Butler to Mr. MacKenzie and Mr. MacKenzie's reply thereto:

## APPENDIX No. 1

February 6, 1908.

W. B. MacKenzie, Moncton, N.B.:

In connection with item W—20 in Auditor General's Report for girders at Chaudière Junction, supplied by Wallberg, what were these for? Were tenders asked? How did he come to supply? Please answer to-day.

(Sgd.) M. J. BUTLER.

And the reply from Mr. MacKenzie by wire is as follows:—

MONCTON, N.B., February 6, 1908.

M. J. Butler, Ottawa, Ont.:

Your wire of to-day; girders were for cinder pits at Truro and Chaudière Junction, which you wanted built before winter. Tenders were not asked, as there was no time. I arranged with Wallberg to furnish in a rush at lowest possible price per pound, and he did so. The Bridge works were all too busy to look at such small order, and I could not get them elsewhere. The price of 4½ cents per pound, less truckage to Montreal, was very reasonable.

W. B. MacKENZIE.

*By Mr. Macdonald :*

Q. You say, Mr. Wallberg, or do I understand that these Locomotive Works would not undertake to supply this small order, and that you having ordered a number of these before in a general order obtained them for the department?—A. I had given some large orders for steel work that had been on their books for some time, and I simply put these girders in with that large order and got them run through the shop as a part of that large order; otherwise they would not have got them.

*By Mr. Boyce:*

Q. You did not order from the Locomotive and Machine Company more than fourteen girders?—A. Just fourteen.

Q. Did they make them for you?—A. Yes, sir.

Q. Specially?—A. Yes, for me.

Q. Were you an agent of that company?—A. No, I was not an agent.

Q. They have their own agent?—A. I had an arrangement with them to furnish me with steel for finishing steel buildings and other work for me at the time, so I got these girders in on that order. You understand that orders, when they go into the shop are taken in their regular order.

Q. But you were not getting other girders than these fourteen?—A. Yes, I was, but not exactly the same.

Q. So that these were constructed for a particular purpose?—A. Yes, sir.

Q. So that any one else could have ordered them?—A. Yes, if they could have got them, but they could not get them. I want to say when that arrangement I had made with the Locomotive and Machine Company expired, and even at the present time when the steel market is easier than it was then, I received quotations on a job which demanded girders a short time ago, at more than 4½ cents per pound from the Dominion Bridge Company.

Q. When was that?—A. Right now.

Q. When was it these were ordered?—A. Do you want the date of that order?

Q. Yes, 1906, wasn't it?—A. Yes, I think the telegram here will show that, and the invoices will show that.

Q. November, 1906?—A. Yes, and the steel market was in its worst shape then, in fact, at that same time—

Q. Consequently, you had to make a little more on them?—A. No, I did not make any more.

*By Mr. Barker:*

Q. Did Mr. MacKenize ask you what you were getting articles of the same description at per pound from this same company?—A. Did they ask me?

Q. Did Mr. MacKenzie ask you what you were getting these articles for?—A. No, he did not.

Q. He did not ask you what price you were paying?—A. No, sir.

Q. Did he ask you what percentage you would charge upon your cost to you for handing them over to the railway?—A. No; he asked me what my lowest price would be, and I named that price before I got the order.

Q. He did not ask you what you were getting them at?—A. No, sir; I don't think I would have told him.

Q. He did not ask you what percentage of profit you wanted?—A. No, he did not ask that.

Q. All you did was simply to order them; you hadn't to advance any money, had you?—A. Well, of course, I paid the Locomotive Company at thirty days.

Q. I mean on the beams themselves?—A. I did not advance anything.

Q. You simply gave the order to have these got ready for you and ship?—A. Yes, sir.

Q. At a certain price?—A. Yes.

Q. And you advanced no money, you did no more than that?—A. Yes, sir.

Q. Did Mr. MacKenzie ask you if you would take a particular commission, or anything of that kind, for your help?—A. No, it was a per pound price.

Q. How did you happen to fix on 55 per cent profit for yourself?—A. Because 4½ cents per pound I considered was about the market price under the ordinary conditions at that time.

Q. Although you simply gave the order as a clerk might give it for Mr. MacKenzie, except that you thought you could get it quicker than he could; is that the only difference?—A. No.

Q. What else was there in your ordering it, any more than in any other person ordering it, except that you were getting delivery more readily?—A. It is just like this, that for some time I had been selling steel for the Locomotive and Machine Company, and I had what, I suppose, you might call agent's prices, and I was asking and getting my steel from them at that price. Under that same arrangement I sold steel right here in Ottawa, for the Lindsay building, the Museum, to J. R. Booth and others, as agent.

Q. Do you mean to tell us that no person else could have got these articles from the Locomotive and Machine Company at the price you did?—A. No, they could not.

Q. Why?—A. Just on account of that special arrangement that I have been explaining.

Q. Then, they sold steel to you in the ordinary course of their business for less than they would to anybody else, are we to understand that?—A. They did under that arrangement, yes, sir.

Q. You therefore thought you were entitled to 55 per cent profit?—A. I was selling at what I considered the market price.

Q. And it works out at that?—A. Well, you have the figures there.

Q. I have worked it out, and it is between 55 and 56 per cent profit. Mr. MacKenzie did not try to ascertain from you what you could get them at, or what a reasonable profit on your price from the Locomotive and Machine Company would be—he did not try to ascertain that from you?—A. Oh well, I would not state to anybody just what I was buying at, even if he had asked me.

Q. How long after you got these girders were they placed in the work?—A. They were put right in.

Q. Were they put in by you?—A. No.

Q. Had you anything to do with that work?—A. No sir.

Q. What was the work they were put in?—A. The railway had built new round-houses and could not operate them until they got cinder pits for them and these were for the cinder pits.

Q. How long had this roundhouse been under construction?—A. It was just about completed—I did not construct it.



## APPENDIX No. 1

Q. How long had it been under construction?—A. I do not know, I didn't have anything to do with it.

Q. Had it been under construction for some months?—A. Oh yes.

Q. I suppose the cinder pits were a necessary part of the roundhouse?—A. They were necessary.

Q. And the engineer's department could have foreseen, months before, that they would be wanting these things?—A. I do not know anything about that.

Q. I ask you whether the engineer could not have foreseen for months that these were required?—A. You will have to ask the railway about that.

Q. I am asking you, from your knowledge as a contractor, would not the engineer of the department know that these things were required, and would he not have known it for months before?—A. I do not think that I am the person to answer anything about that.

Q. It is not for you to inquire whether you are the person to answer it. As an architect or engineer, I am asking you whether the engineer of the department would not have known that these things were required?—A. Has that anything to do with this question? Am I obliged to answer that question?

Q. I am asking the witness whether he does not know as a contractor that the engineer in charge of that construction would know for months before that he would require these girders?—A. There would be conditions and circumstances surrounding the case that I, as a professional man, could not, without going into it and finding out all about it, answer that question.

Q. You admit they were a necessary part of the structure?—A. They were needed for the purposes of the cinder pits.

Q. They were necessary for the purpose of building the cinder pits, and that building had been going on for how long?—A. I could not tell you, I was not there.

Q. It had been going on for a considerable time—it had not been rushed up in a few weeks, had it?—A. I wasn't there; I really don't know anything about it.

Q. You know of such places as Tokio, and yet you were never there—how long would that building be in course of construction, so far as your knowledge goes?—A. I haven't any knowledge whatever.

Q. All right, we will take that as the measure of the information that you can give.

*By Mr. Johnston:*

Q. You are not a mind reader, are you?—A. Not in matters I haven't anything to do with.

*By Mr. Crocket:*

Q. When the committee adjourned yesterday I was asking you about the Pictou engine house; you were the contractor for that work, were you not?—A. Yes, but pardon me, just a moment. Before we get away from these girders I want to file a statement in connection with them. Of course I have to add my percentage of general expenses to every transaction you cannot do business on nothing, and I beg to file the statement as follows:—

(Document filed as follows). Steel girders to Truro.

911.76 . . . . .	\$ 455 88
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2

Freight Truro . . . . .	72 31
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Operating expenses, 15 per cent . . . . .	74 27
---	-------

\$ 602 46
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Girders for Chaudiere Junction were exactly similar to those shipped to Truro, as above, and cost the same.

*By Mr. Boyce :*

Q. You want to add a percentage for operating expenses ?—A. I want to file the statement just as it shows there, it means operating expenses, 15 per cent.

Q. On what ?—A. Operating expenses of my business.

The operating expenses of your business ?—A. Yes sir.

Q. So that when, on the order of Mr. MacKenzie, chief engineer of the Intercolonial Railway, you buy girders from the Locomotive and Machine Company, and ship them direct to the Intercolonial Railway, and get your profit, you charge up against the operating expenses of 15 per cent ?—A. Certainly.

Q. What operating expenses ?—A. Well, we have to average the operating expenses of our business, which are determined every year, from the beginning of the year until the end.

And you charge that against every business transaction you have ?—A. Every contract I have has to bear its portion.

Q. And that 15 per cent is on what ?—A. On the selling price.

Q. What is this \$155.88 ?—A. That is the price paid to the Locomotive Company one half of the total amount for the fourteen girders.

Q. And you charge up the freight to Truro ?—A. I paid that.

Q. Yes, but you paid that separately ?—A. Yes, that statement shows the Truro transaction right through.

Q. You got from the government that freight which you have added ?—A. Exactly.

Q. But why do you debit it when it is paid by the government ?—A. I do not debit it, that is the cost to me of that contract.

Q. \$602.46 ?—A. Yes.

Q. And you got the freight paid by the government ?—A. Yes.

Q. Well, then, you have to take that out, haven't you ?—A. It comes out of the price they paid me, \$775.

Q. And they paid the freight ?—A. In that \$775.

Q. I am putting the amount they paid you down at \$707.40 ?—A. Then that freight should be taken out.

Q. That is the way I put it to you, so the freight should be taken out of that, and the operating expenses, you charge that ?—A. I charge that against every contract I have.

Q. That is your charge 15 per cent operating expenses against every contract ?—A. On that line of business.

Q. 15 per cent is what you charge against every transaction, whether it is a contract or whether it is a commission transaction, is that it ?—A. Yes sir.

Witness retired.

Committee proceeded to the consideration of a payment of \$21,367.66 to E. A. Wallberg in connection with estimate No. 3 on engine-house at Pictou, N.S., as set out at page W—28 of the Auditor General's Report for the fiscal year ending June 30, 1906, and also payment of \$57,655.23 on estimates 4 to 8 on engine-house at Pictou, as set out at page W—20 of the Auditor General's Report, 1906-7.

Mr. E. A. WALLBERG called, sworn and examined.

*By Mr. Crockett :*

Q. You received a contract for the erection of the engine-house at Pictou, N.S. ?—A. Yes, sir.

Q. Do you know if tenders were called for that work ?—A. Yes, sir, tenders were advertised.

Q. Do you know who the other tenderers were ?—A. No, sir, I have no idea.

Q. You have no idea now ?—A. No, I have no idea who figured on that work.

## APPENDIX No. 1

Q. Well, there is a return from the department here that shows there were seven tenders received for that work, namely: Emile Dubé, Rivière du Loup, Que.; E. A. Wallberg, Montreal; H. McDonald, North Sydney; Rhodes, Curry & Co., Amherst; R. P. P. Fraser, New Glasgow; Dixon & Falconer, Sydney; and Willard Kitchen, Montague Bridge. You did not know all these gentlemen had tendered for that?—A. No, sir.

Q. That contract was for the construction 'of a nine-stall brick engine-house complete, turntable, foundation walls, hot well and ash pit, retaining walls, crib-work, drains, &c., at Pictou, N.S.,' and the contract provided—you had examined, of course, those specifications?—A. Oh yes, I examined them.

Q. The contract provided that the Railway Department would do 'all work in connection with the installation of the heating, steam, air and water supply pipes, the electric light wiring and any other work required that is not included in this specification or shown on the plans exhibited,' and also that the Railway Department will 'provide and put the turntable and all rails and ties in place, except the hard pine ties under turntable track, which shall be supplied and put in place by the contractor. The rails and fastenings for turntable track will be supplied by the Railway Department; the contractor shall curve them to the proper radius and lay them in place.' Do you remember what the amount of your contract was?—A. Well, it was a bulk sum and schedule. You, no doubt, have the tender there.

Q. Clause 30 of that contract sets out the prices. The bulk sum of your contract is stated at \$13,950?—A. Correct.

Q. That is for the engine-house, and then there is a schedule of prices, for common excavation, loose rock excavation, solid rock excavation, stone masonry and retaining walls, laid in cement; stone masonry in building, laid in cement, rubble stone masonry, laid dry; concrete masonry; driving creosote piling, supplied by Railway Department below the cut-off; southern hard pine timber, in the work, square spruce timber, in the work; hemlock timber, in the work; iron drift and steel bolts, in the work; corrugated steel bars, in foundation; expanded metal, in foundation; 12-inch C.I. pipe, laid with lead joints; 9-inch ditto, 6-inch ditto, 4 inch ditto; 6-inch porous land tiles, laid outside foundation walls; standard mud basins complete, including covers; distributing and laying 20-inch clay pipe with cement joints (pipe to be supplied by Railway Department); labour on 9-inch and 10-inch round logs in cribwork (logs supplied by Railway Department); stone ballast, measured before cribwork (logs supplied by Railway Department); stone ballast, measured before putting in place; hand-laid slope walls, stone to be measured before putting in place; filling in crib and between crib and shore. The bulk sum was then \$13,950?—A. Yes, sir.

Q. Did you examine the site of this work before you submitted a tender?—A. Yes, sir.

Q. And, of course, you examined carefully the plans and specifications?—A. Yes, sir.

Q. Were you able to tell, to figure out the money value of those schedule prices as applied to the quantities which the plan showed?—A. No, I did not do that.

Q. You did not do that?—A. No, sir.

Q. So that you had no idea of the money value of the tender which you submitted to the department?—A. All the idea I had was the idea that an experienced contractor would have in a general way, but I did not figure out the sum total of what that work would amount to.

Q. You say you had an idea in a general way, what idea did you have as to the money value of your contract on your schedule prices?—A. I cannot say that I had that fixed, that I could tell you in so many dollars. I know it was a considerable job.

Q. Approximately, what did you think it was?—A. It might vary between \$50,000 and \$100,000 or more.

Q. So that you did not know whether you were getting a contract for \$50,000 or



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\$100,000? It might be one or the other?—A. I did not figure it out by the schedule rates; we got paid for every yard or every foot we put in and there was no object in figuring it out exactly at that time; in fact we could not have done that.

Q. Was it not possible from those plans and specifications to figure out the value of the contract on the quantities of the material that would be required at the schedule prices?—A. I should consider it very difficult; I do not know whether it is impossible or not.

Q. You had the dimensions of the building, the depth of the excavation, all that was specified?—A. Well, it was very difficult, even on the ground I couldn't have figured that exactly.

Q. So you could not tell? I see the Railway Department seems to have made a calculation, it is in this return here, and the money values of these tenders are carried out on these figures:—

'Emile Dube, Riviere du Loup.. . . .	\$98,185 20
E. A. Wallberg, Montreal .. . . .	62,523 55
H. McDonald, North Sydney .. . . .	88,076 95
Rhodes, Curry & Co., Amherst.. . . .	70,763 09
R. P. P. Fraser, New Glasgow.. . . .	68,689 55
Dixon & Falconer, Sydney .. . . .	65,699 95
Williard Kitchen, Montague Bridge.. . . .	73,011 60'

So that you will observe there that the Railway Department was able, the plans and specifications must have been sufficient to enable them to do so, to figure out the exact money value of those tenders. You say you did not do it and had no idea whether it might be a \$50,000 or \$100,000 job?—A. I did not figure it up.

Q. Well now, is that work completed now, Mr. Wallberg?—A. It is completed, it is not paid for.

Q. Have you completely executed every part of the contract?—A. Yes sir.

Q. When did you finish it?—A. Oh, some months ago.

Q. Well, can't you say more definitely than that?—A. No, it is probably—well, it is three months anyway. I can't say how long.

Q. About three months ago, has the department accepted the work as complete?—A. Yes sir.

Q. It has been accepted as complete—when was it accepted?—A. Probably about the same time it was completed, a little after that, of course.

Q. Shortly after; that would be then three months past?—A. Yes, well it is probably longer than three months. I haven't the exact date.

Q. The contract called for the completion of the work on June 30, 1906?—A. Yes sir.

Q. For the last fiscal year ended March 30, 1907, the Auditor General's Report shows that you received \$87,803.21 on account of that contract, in addition to the drawback of \$8,780.32, or \$96,583.53 on a contract which the Railway Department figured out had a money value of \$96,523.55, and that work was not completed at that time?—A. 1907?

Q. You will find in the Auditor General's Return that Estimate No. 8 was made on February 20, 1907?—A. Yes.

Q. And up to that time you had received \$96,583.55, including the drawback, as I have pointed out. Now, how many estimates have been put in since?—A. I could not tell you that now.

Q. Has there been more than one?—A. I do not know.

Q. You are not able to say?—A. No, I do not know how many estimates there have been on that.

Q. Are you able to give the committee any idea of the probable cost of that work?—A. I have not any records to show that.

Q. Will it be \$10,000 or \$15,000 more than that amount?—A. I have not got the information. I could not tell you.

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Q. Have you no idea at all?—A. No accurate idea, I am not going to guess.

Q. Have you received the money yet?—A. No, sir.

Q. Have you received any money since the close of the fiscal year, on March 31 last, on account of the Pictou engine house?—A. I do not know that I have. I do not remember any now; perhaps there may have been some little amounts, but I cannot tell you.

Q. Have you presented any progress estimates for payment?—A. That is all a matter of record, there is no use asking me that; look up the record and you will have it exact, I can't guess on things like that.

Q. Surely you know that?—A. No, I cannot remember; every month there comes in perhaps 25 estimates, that is if I have 25 different jobs with the government and private parties and I cannot remember every estimate, I would not think of it.

Q. You think this work was completed about three months ago?—A. Well now, let us see, three months—when would that bring it.

Q. This is February?—A. Yes, it was longer ago than three months that it was completed.

Q. Have you any doubt that additional estimates have been put in since March 31, 1907?—A. You see, during the winter there was no work done and that period does not really count on construction work; there would be nothing going on.

Q. You want this committee to understand that you do not know whether this represents the full and complete cost of this structure or not, or whether you have put in progress estimates since that time?—A. If there have been any put in they are in the records—I can't tell you that now.

Q. So that, up to that time, you have received more than the highest tender was figured out by the department? No answer.

Mr. MACDONALD.—The statement here contained in the letter from Mr. Pottinger to the secretary of the department on January 20, is that the total amount is \$100,000.

*By Mr. Crocket :*

Q. Yes, there is a letter here on file from Mr. Pottinger to Mr. Jones, secretary of the Department of Railways and Canals, dated January 20, 1908, in which he sets out the total payment to Mr. Wallberg in connection with this contract to be \$100,221.99, that is on a contract the bulk sum of which was \$13,950?—A. Yes.

Q. And a contract that the Railway Department figured as worth, under your tender, \$62,523.55.

*By Mr. Macdonald :*

Q. It is hardly correct to say that the bulk sum was \$13,950?—A. There might not have been any bulk sum at all, it might have been a schedule contract entirely.

*By Mr. Crocket :*

Q. Are you able to say who inspected this work in behalf of the government, and who certified to these quantities?—A. Well, I explained that yesterday. I think there were two inspectors and two engineers.

Q. Who were the two inspectors?—A. There was Mr. Morrison and Mr. English.

Q. Mr. who?—A. Mr. Morrison.

Q. Where does he live?—A. I never knew him before at all.

Q. Was he employed in the Railway Department there? Was he in the regular employ of the Railway Department?—A. I do not know. I never saw him before he came on our work.

Q. You say that you never saw the other gentleman you mentioned?—A. Yes sir.

Q. And you know nothing about him?—A. I never saw him before.

Q. Do you know whether he was a regular employee of the Railway Department?—A. I do not know his record at all.

Q. What were their occupations?—A. Do you mean before they came on the work?

Q. Yes.—A. I do not know, I never heard of them before.

Q. Were they engineers?—A. No, inspectors, they were practical men.

Q. They were not engineers?—A. No, I do not think they laid claim to being engineers.

Q. Were they constantly supervising the work?—A. Yes.

Q. They were there, I mean, during the whole time of the contract?—A. Yes sir.

Q. Supervising the work on behalf of the government?—A. That was their duty as I understood it.

Q. Were these the gentlemen who certified to your progress estimates?—A. Well, I do not know. The progress estimates are in the railway, I haven't those, of course. You will see them, you have the file there.

Q. Did you meet Mr. A. C. Seleg in connection with that work?—A. Oh yes, I met him.

Q. In what capacity did he appear?—A. As engineer.

Q. Was he there constantly on the ground?—A. Not constantly.

Q. He visited it periodically?—A. Yes sir.

Q. Did Mr. Seleg certify to the progress estimates or did the inspector—whose duty was it?—A. I can't tell you that, I don't know what their instructions were.

Q. I notice here on the progress estimates, that they are certified in this Return by Mr. Seleg. Progress estimate No. 5 is certified by Mr. Seleg at \$13,782.06, and his certificate is:—

'I certify that the work described in the above account, amounting to \$13,782.06, has been performed; and that the prices charged are according to contract,' the words 'fair and just' are struck out?—A. Well, they were in accordance with the schedule in the contract.

Q. That certificate is signed by A. C. Seleg, assistant engineer and then the voucher is approved by W. B. MacKenzie, chief engineer. Now, the next voucher is certified also by Mr. Seleg, and is approved by Mr. Seleg for the chief engineer, and is for \$5,074.20, and the words 'fair and just' are not stricken out there. The next voucher is for \$6,346.80 and is also signed by A. C. Seleg and approved by W. B. MacKenzie, and 'fair and just' is struck out of that. Now in the next voucher, which is for \$19,126.77, the words 'according to contract' are struck out of the certificate, and that is certified to by Melville McKean (architect), and he strikes out the words 'according to contract'?—A. Well, the voucher speaks for itself.

Q. I am reading every voucher?—A. Yes, but I mean as regards the schedule prices, it speaks for itself. All the estimates on the file are based on the contract schedule.

Q. Who is W. L. Coleman?—A. I do not remember him now.

Q. I see, in connection with two or three of these certificates, these progress estimates, there is a certificate from him. In this case the words 'according to contract' are struck out of the certificate by Mr. McKean, and Mr. Coleman certifies:—

'I certify that prices charged in this voucher have been compared with the contract and are correct.' There is one here that bears no certificate that this work has been performed according to contract; Mr. Coleman does not certify that, he simply says that the prices are according to contract, and there is no certificate that the work has been done according to contract.

Mr. JOHNSTON.—Read the certificate.

Mr. CROCKET.—However, I am not placing so much emphasis upon that.

Mr. JOHNSTON.—In order that the record may be complete it will be just as well to have Mr. Coleman's certificate set out upon the record so that there may be no mistake about it. It is as follows:—

'I certify that prices charged in this voucher have been compared with the contract and are correct.

'W. L. COLEMAN,  
'Clerk, Auditor of Disbursements Office.'



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Mr. CROCKET.—Then may I assume that Mr. Coleman was not on the work at all, but certificates that these schedule prices, the rates Mr. Wallberg was charging, were the rates provided in the schedule, but it is not a certificate that the work was performed according to the contract.

Mr. JOHNSTON.—No, but attached to the same voucher is the certificate of Mr. Melville McKean, the architect,

‘I certify that the work described in the above accounts amounting to \$19,126.77 has been performed and that the prices charged are fair and just.’

Mr. CROCKET.—And he strikes out deliberately the words, ‘according to contract’.

Mr. JOHNSON.—But there is the other certificate of a gentleman, appointed for the purpose, who certifies that the voucher has been prepared in accordance with the contract.

*By Mr. Crocket:*

Q. With reference to Messrs. Morrison and English, were they both on the ground during the whole time of the prosecution of this contract?—A. So far as I know it was their duty to remain there all the time and I believe they were there. I was not on the ground except for a small fraction of the time myself, but that was their duty and they were there when I was there.

Q. What I want to know is who made up the quantities, for instance, the excavation, was it their duty to make up a statement showing what excavation had been made, the number of cubic yards?—A. The engineers measured that.

Q. The engineers did?—A. Yes.

Q. Then it was not Morrison nor English who did that?—A. Well, they assisted each other. I can't tell you just how they did it because they were not under my control at all. Personally I do not know how they co-operated, but what I do know is that everything on that job, everything that was done was measured up.

Q. By whom?—A. By the government officers in charge of the job.

Q. You are not able to say—that is what I want to find out—who it was that certified to these quantities?—A. You will have to find that out from the government.

Q. You don't know?—A. I am not able to say.

Q. Why are you able to say everything was measured up if you do not know who did it?—A. Because I know we were paid on absolute quantities, there was no guess-work about it. You seem to think because it was schedule that it did not amount to the same as a bulk sum; do you realize that practically all our large contracts are based on schedule altogether? Take the very largest contracts that are being executed in the United States to-day, and many of those being carried on in Canada are altogether on schedule prices.

Q. Do you say it is the usual practice in the construction of a work of that kind to have a bulk sum of \$13,900 and a schedule of prices running up to nearly \$90,000?—A. Let me explain this—there was in the construction of that roundhouse above the foundations a certain portion of plain straight work that could be planned, measured, designed and demensioned exactly and for that there was a bulk sum.

*By Mr. Macdonald:*

Q. Of \$13,900?—A. Yes. Then it came to a question of foundations, of pile driving and of work under water that nobody could plan or measure up exactly.

*By Mr. Crocket:*

Q. There were plans and specifications, however, from which, as you have seen to-day the Railway Department were able to figure out to a cent the money value of your tender. Now, Mr. Wallberg, did you build that work on the same plans and specifications on which you based your tender?—A. Absolutely.

Q. You are quite certain about that?—A. No new plans or new specifications were submitted to me.

Q. No new plans were submitted to you. You examined them carefully and based your tender upon a certain set of plans?—A. Yes sir.

Q. But you did not examine them carefully enough to be able to tell whether you were getting a contract worth \$50,000 or \$100,000?—A. It didn't make any difference to me.

Q. You are quite certain that the plans that were sent to you, and that you built that engine house on, are the plans and specifications on which you tendered?—A. They are the very same plans and specifications, there is no doubt about that at all.

Q. The greater part of the cost of this engine house, then is work in connection with the excavation?—A. Oh, there is a great variety of work as shown in the schedules which speak for themselves on that.

Q. I understood you to say that \$13,000 covered the whole engine house above the foundation walls, that is the bulk sum?—A. Well, part of the walls were concrete, it covered the brickwork and the roof and these were the largest items of what it covered, and the windows and doors of course.

Q. Is it fair to say that these items would be chargeable to the excavation, as taken from the report?—A. No, there is only one item.

Q. Well, there is the solid rock excavation?—A. That is chargeable, yes.

Q. 3,284 cubic yards of concrete masonry at \$8.25 a yard, \$22,868?—A. Well, that is the walls for the engine house, foundations and engine pits, and turntable.

Q. It is all for foundations?—A. It is all below the level, yes.

Q. Piling, \$497.85?—A. Yes.

Q. Hard pine in the work, \$1,766.40?—A. That went into the engine pits, largely, inside the round house.

Q. There was none of that used for putting the site in shape for the building?—A. No sir.

Q. Iron drift bolts in the work, \$1,440, what are those for?—A. They went into the crib that was constructed.

Q. For the foundations for the building?—A. No, it is not for the building that was in connection with the railway tracks put down on the outside, to provide additional trackage.

Q. For tracks to the engine house?—A. No, for tracks in connection with the yard service, not to the engine house.

Q. There is another item for round logs, \$1,700?—A. Those were for the crib also.

Q. And ballast logs, \$202.50; and stone ballast, \$14,990.25?—A. That is in connection with the crib.

Q. Was not that for the levelling of the site?—A. Not in connection with the round house.

*By Mr. Barker:*

Q. Was that waste from the excavation?—A. No sir.

Q. Where did you get it?—A. That stone was quarried.

Q. You blasted solid rock from the excavation, didn't you use that?—A. That stone was quarried about two miles away at the quarry.

Q. What did you do with the solid rock that came out of the excavation?—A. That was only a trifle.

Q. What did you do with that, did you charge it double?—A. No, we didn't charge it double.

*By Mr. Johnston:*

Q. You did not take it away with you?—A. No, I did not.

*By Mr. Crocket:*

Q. Earth filling, what is that for?—A. That is in case that had to be done, these tracks were for increasing the accommodation for handling freight, &c.

Q. It was under your contract, part of the contract, so that of these items amounting to \$68,534.24, the great bulk is for excavation and levelling up the site which the government bought for this purpose, isn't that true?—A. It is for just what I have explained.

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Q. To make it suitable for the purposes for which the government bought the site?

*By Mr. Macdonald :*

Q. You do not know whether the government bought the site or not?—A. No, I have no knowledge of that.

Q. I suppose you are not aware that the Railway Department in building this engine house where they did build it, utilized a very large portion of property that had been lying waste and which had belonged to the railway, in preference to purchasing land outside—you are not aware of that?—A. No, I have no direct knowledge of that.

Q. You are not aware that by utilizing that property the department saved a large amount of money in the way of purchasing land elsewhere. Upon that subject you did not inform yourself, of course?—A. No, I had no knowledge of that.

Q. I find here that the same form of tender was used by all the gentlemen who tendered for this work?—A. It was the standard form of tender sent out by the Railway Department to anyone who applied.

Q. It was sent to anyone who applied for it?—A. Yes, it was the standard form of tender supplied by the department.

Q. I find here this proposal in the tender :

‘I, the undersigned, hereby offer and agree to furnish all materials, tools, implements and labour and to execute and complete in a workmanlike manner all the work embraced in the complete erection and construction of a Nine Stall Brick Engine House complete, Turntable Ring Wall and Centre Foundation Hot Well and Ash Pit, Retaining Walls, Cribwork, Drains, &c., at Picton, N.S., according to the plans and specifications exhibited to me, and such further detail, working and special plans, that may, from time to time be furnished during the progress of the work. I have examined the plans and specifications and have ascertained all necessary information in regard to the work, and upon the acceptance of this tender am prepared to enter into a contract for the above work for:

‘No. 1. The bulk sum of \$13,950.00 dollars, which bulk sum shall include all materials and labour in connection with the Engine House proper above the top of the concrete masonry walls, and the rail base of engine pits, and the following schedule prices for all materials and labour below the top of the concrete masonry walls, and rail base of engine pits.’

Then follows a schedule giving the different items of everything that is necessary to carry out to completion the works referred to in the first portion of the tender?—A. Yes.

Q. And that is the tender which you, and, as I say, all the other tenderers made there figures upon?—A. Yes sir.

Q. In passing, I would like to have the fact recorded on the notes of the evidence that as regards the lump sum portion of the tender, Mr. Wallberg tendered at \$13,950, Mr. Hugh McDonald tendered at \$23,700, that Rhodes, Curry & Co. tendered at \$13,990, that R. P. P. Fraser, of New Glasgow, tendered at \$16,500, that Dixon & Falconer tendered at \$14,966, that Mr. Williard Kitchen tendered at \$16,500 and that Mr. Emile Dube tendered at \$16,849, that is for the construction of the engine house proper.—A. For the superstructure.

Q. You are aware, Mr. Wallberg that the railway were utilizing a portion of their own property and filling it in, in getting an approach to where this roundhouse was to be?—A. I know that was the case.

Q. It was an extension of the tracks along their property?—A. Yes.

Q. They were building a retaining wall along the water front, filling that in and creating conditions for the turntable as well as the roundhouse?—A. Yes, sir.

Q. And that it was impossible for anyone tendering to be able to tell just what the exact quantity of that work would be?—A. I do not think they could tell.

Q. It would depend upon how deep the filling in would be and how much it



would sink?—A. Exactly, it was partly under water and no man could do anything more than make an approximate estimate.

Q. As to the total amount?—A. That is all.

Q. In regard to this question of tendering according to schedule for the construction of buildings, is that a novel proposition at all?—A. That is very frequently used, in fact we take work now very largely on our canals and our railways on schedule rates. All the large works that I know of through the United States, large dams and work of that kind, in fact I should say 80 to 90 per cent of all the big works are now done in that way. There is nothing new or novel in that method.

Q. It is done that way by private companies or individuals as well as by the public?—A. Exactly, and it is a fair way because by that system you pay for exactly what is put in any work, labour and material is paid for, no more and no less, so that it is absolutely fair to both parties.

Q. And in your tender for this work you simply tendered for it, not taking into regard so much the quantity of work to be done as what the stipulated prices would be for such work as loose rock, solid rock, masonry, &c.?—A. Just all those units in the schedule.

Q. Then in regard to the prosecution of the work, there were two engineers there, you say, on behalf of the railway?—A. Yes.

Q. Mr. Seleg?—A. Mr. Seleg.

Q. And Mr. McKean, who was connected with Mr. MacKenzie's department?—A. Yes.

Q. And in addition there was Mr. Morrison, who was a practical builder and mason?—A. Yes, a practical mason.

Q. And Mr. English?—A. Mr. English, who has had—well he has been employed on railway work and other construction.

Q. He also looked after the quantities, didn't he, more particularly?—A. I believe he did.

*By Mr. Crocket:*

Q. I understood Mr. Wallberg to say just now that he did not know?—A. I just say now I believe he did, but I am not saying positively, if you want exact information you will have to go to the railway in order to find out what their men did.

*By Mr. Macdonald (Pictou):*

Q. I suppose you performed the work under the direction of a foreman?—A. Yes, sir.

Q. You visited it occasionally?—A. Occasionally, yes.

Q. You are not able to speak as to when or how long the engineers were there from time to time?—A. No, not from my own experience.

Q. That is a matter I suppose as to which the railway would be able to tell more than you would?—A. Yes, sir.

*By the Chairman:*

Q. Just let me ask you a question or two on this, Mr. Wallberg? As I understand it, from what Mr. Crocket has read, the total estimate made by the department of your contract was some \$62,000?—A. That is what was read here.

Q. And the records seem to show that you were actually paid in the neighbourhood of, or upwards of, \$100,000?—A. Yes.

Q. When they advertised for tenders did they say in the advertisement or in the specification anything about the quantity of work or the amount, they did not give anything about that?—A. Nothing whatever.

Mr. BUTLER (Deputy Minister of Railways).—Perhaps I can explain that in a few words, so that the committee will understand how that is done, and why. As soon as a tender like this is received where there is a bulk sum for the work above the foundation and a schedule of prices for work below, you can easily understand

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that what is known as an 'unbalanced' bid might be put in. A contractor might figure for the work above the foundation in the bulk sum at a very low price and put his schedule prices at an unreasonably high figure, so in order to protect ourselves against any such tenders as that, we always ask the engineer in charge to furnish approximate quantities, so that the tender may be figured out as a whole. That is the practice which we followed in this case. You can easily understand that a contractor, taking advantage of his local knowledge, might put a high price upon some particular item of which he knew there might be a large quantity, and it might be inadvertently passed by the department. These approximate quantities are not given to the contractors, because if they were and the actual amount of work done fell below the estimate they might be made the subject of a claim afterwards for having been deprived of the profits they expected, on the one hand, and on the other hand they might be productive of a claim, in case they fell short of the actual amount that the contractor was called upon to do a great deal more work than he had anticipated.

Mr. BARKER.—But in making that estimate you get as near to the actual quantities as you can?

Mr. BUTLER.—We suppose that the engineer in charge is giving us as nearly the actual quantities as possible.

Mr. BARKER.—In this case you seem to have been wrong on the schedules, some of which were about double.

Mr. BUTLER.—The quantities with which they supplied us were evidently less than the quantities which we found were required in carrying out the work, but no man can tell just what quantities are required for work of that kind until he digs a hole, he has to guess at it largely.

Mr. BARKER.—He was about 50 per cent out.

Mr. BUTLER.—You must also bear in mind the fact when you start to dig a foundation in the ground close to the seashore, no man knows how deep he has to go before he gets down to where he can obtain a good foundation.

The CHAIRMAN.—These foundations must be carried down a certain depth until you come to hardpan, or rock, or something of that kind, and if you strike quicksand or anything like that, why you have to go deeper.

Mr. BUTLER.—You must go to the solid foundation.

Mr. MACDONALD.—This roundhouse is built right on the water front?

Mr. BUTLER.—Right on the sea shore.

Examination of Mr. WALLBERG resumed.

*By Mr. Macdonald:*

Q. And this retaining wall had to be built right on the water front, and the foundation was obtained by driving piles for the purpose of making the turntable?—A. Yes, that is right.

Mr. JOHNSTON.—I really think, in order that the record may be complete, that the schedule of rates, as well as the approximation made by the officers of the department, should appear upon the notes. With that purpose in view, I ask to have the statement put in, that is the abstract of tenders, as it appears on the file here.

The CHAIRMAN.—That can be handed in and put on the record.

Abstract of tenders filed as Exhibit No. 20, as follows:—

7-8 EDWARD VII., A. 1908

## INTERCOLONIAL

## ABSTRACT of Tenders for the Construction

Number.	Item.	Quantity.	Name, Rate and Amount. Emile Dubé, Rivière du Loup.		Name, Rate and Amount. E. A. Wallberg, Montreal.	
			Rate.	Amount.	Rate.	Amount.
			\$ cts.	\$ cts.	\$ cts.	\$ cts.
1	Engine house	Bulk sum.		16,849 00		13,950 00
2	Excavation					
3	Loose rock	3,700	0 72	2,664 00	0 48	1,776 00
4	Solid rock					
5	Stone masonry	100 yards	7 00	700 00	5 00	500 00
6	"	400 "	7 00	700 00	5 50	550 00
7	Rubble masonry	400 "	4 00	1,600 00	45 60	1,800 00
8	Concrete	1,940 "	7 89	15,306 60	8 25	16,005 00
9	Driving piles	21,300 ft	0 10	2,130 00	0 15	3,195 00
10	Southern hard pine	34,000 " B.M.	38 00	1,292 00	48 00	1,632 00
11	Square spruce timber	49,200 "	27 00	1,328 40	16 50	811 80
12	Hemlock timber	5,000 "	22 00	110 00	14 00	70 00
13	Iron screw and drill bolts	36,000 lbs	0 04	1,440 00	0 08	28 80
14	Corrugated steel bars	5,700 "	0 03	171 00	0 47	267 90
15	Expanded metal	1,960 "	0 04	78 00	0 47	91 65
16	12 in. cast iron pipe	140 "	1 83	256 20	1 25	175 00
17	9 in. "				0 55	
18	6 in. "	700 "	0 75	525 00	0 50	350 00
19	4 in. "	150 "	0 60	90 00	0 20	30 00
20	6 in. land tile	400 "	0 44	176 00	0 10	40 00
21	Mud basins	4 No.	64 00	256 00	90 00	360 00
22	Laying 20 in. clay pipe	600 ft	0 24	144 00	0 55	330 00
23	Labour on 9 in. and 10 in. logs	3,150 ft	0 06	189 00	0 68	214 20
24	Labour on ballast floor	8,000 "	0 06	480 00	0 45	360 00
25	Stone ballast	1,500 yards	3 00	4,500 00	0 79	1,185 00
26	Hand-laid slope walls	5,000 "	3 50	17,500 00	0 85	4,250 00
27	Filling in crib, &c.	30,000 "	0 99	29,700 00	0 39	11,700 00
				98,185 20		62,523 55

The price for excavation is the average of items 2, 3 and 4. No separate quantities sent here.



## APPENDIX No. 1

## RAILWAY.

of a Round House, &amp;c., at Pictou, N.S.

Name, Rate and Amount. H. McDonald, N. Sydney,		Name, Rate and Amount. Rhodes, Curry & Co., Amherst.		Name, Rate and Amount. R. R. P. Fraser, New Glasgow.		Name, Rate and Amount. Dixon & Falconer, Sydney.		Name, Rate and Amount. Willard Kitchen, Montague Bridge P.E.I.	
Rate.	Amount.	Rate.	Amount.	Rate.	Amount.	Rate.	Amount.	Rate.	Amount.
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
.....	23,700 00	.....	13,990 00	.....	16,500 00	.....	14,966 00	.....	16,800 00
0 74	2,738 00	0 76	2,812 00	0 70	2,590 00	0 71	2,627 00	0 99	3,663 00
6 50	650 00	11 00	1,100 00	12 00	1,200 00	9 00	900 00	7 00	700 00
6 50	650 00	8 00	800 00	10 00	1,000 00	9 00	900 00	7 00	700 00
5 50	2,200 00	3 95	1,580 00	6 00	2,400 00	4 50	1,800 00	5 00	2,000 00
7 50	14,550 00	8 50	16,490 00	9 00	17,460 00	8 50	16,490 00	8 80	17,072 00
0 25	5,325 00	0 17	3,621 00	0 10	2,130 00	0 19	4,047 00	0 15	3,195 00
42 50	1,445 00	45 00	1,530 00	45 00	1,530 00	45 00	1,530 00	50 00	1,700 00
26 00	1,279 20	28 00	1,377 60	24 00	1,180 80	21 00	1,033 20	23 00	1,131 60
22 00	110 00	25 00	125 00	23 00	115 00	19 00	95 00	17 50	87 50
0 06	2,160 00	0 04 $\frac{1}{2}$	1,530 00	0 03	1,080 80	0 04 $\frac{1}{2}$	1,530 00	0 05 $\frac{1}{2}$	1,950 00
0 04	224 00	0 04 $\frac{1}{2}$	249 37	0 03	171 00	0 03	171 00	0 09	513 00
0 08	156 00	0 08 $\frac{1}{2}$	165 75	0 09	175 50	0 10	195 00	0 08	156 00
0 25	35 00	1 60	224 00	1 80	252 00	1 70	238 00	2 10	294 00
0 15	.....	1 20	.....	1 30	.....	1 51	.....	2 00	.....
0 10	70 00	0 55	335 00	1 00	700 00	0 65	455 00	0 95	665 00
0 06	9 00	0 40	60 00	1 00	150 00	0 45	67 50	0 55	82 50
0 05	20 00	0 07	28 00	0 05	20 00	0 10	40 00	0 25	100 00
200 00	800 00	90 00	360 00	75 00	300 00	115 00	460 00	75 00	300 00
0 25	150 00	0 08	48 00	0 30	180 00	0 15	90 00	0 38	228 00
0 04 $\frac{1}{2}$	141 75	0 03 $\frac{1}{2}$	102 37	0 03 $\frac{1}{2}$	110 25	0 03 $\frac{1}{2}$	110 25	0 06	180 00
0 02	160 00	0 02 $\frac{1}{2}$	180 00	0 04	320 00	0 01	80 00	0 06	480 00
1 00	1,500 00	0 67	1,005 00	0 05	1,125 00	0 75	1,125 00	1 15	1,725 00
3 00	15,000 00	2 50	12,500 00	1 20	6,000 00	1 25	6,250 00	1 45	7,250 00
0 50	15,000 00	0 35	10,500 00	0 40	12,000 00	0 35	10,500 00	0 40	12,000 00
.....	88,076 95	.....	70,763 09	.....	68,689 55	.....	65,699 95	.....	73,011 60

Wednesday, March 11, 1908.

Committee proceeded to the consideration of the payment of \$63,376.05 to E. A. Wallberg in connection with passenger carshops, paint shops and stores buildings at Moncton, N.B., as set out at page W-55 of the Report of the Auditor General 1906-7.

Mr. E. A. WALLBERG, called, sworn and examined.

*By Mr. Crocket:*

Q. I want to put a few questions now in reference to the contract for the Moncton buildings. You received the contract for the construction of a passenger car repair shop, a passenger car paint shop, and a store and office building for the Railway Department?—A. Yes sir.

Q. Do you remember the date of the contract?—A. No, I do not remember the date of it.

Q. The date of the contract, I find, is October 29, 1906?—A. Yes.

Q. And it called for the construction of these buildings by the first day of December, 1906—this is the return that we have here and I am going to read a portion of the specification: (reads)

'The work to be done consists of furnishing materials, building and finishing complete, two one-story buildings 100 ft. x 361 ft. 8 in., for the painting of passenger cars and the repair of passenger cars, respectively; and a building 51 feet 10 inches wide, two stories in height for 199 feet 8 inches and one story in height for 144 feet 10 inches with basement under the whole, for use as a storehouse and office building. All these buildings shall be of reinforced concrete construction.'

Q. Now, you tendered for that?—A. Yes, sir.

Q. And received the contract, as you have already stated. Then the price of your contract is set out in clause 30 in this way (reads):

'For the erection and completion of three buildings, viz.: a passenger car repair shop, a passenger car paint shop, and a storehouse and office building, the bulk sum of one hundred and fifty-four thousand nine hundred and forty-five (\$154,945.00) dollars, of lawful money of Canada. Or the bulk sum of one hundred and forty-six thousand four hundred and forty-five (\$146,445.00) dollars, of lawful money of Canada, provided His Majesty, represented as aforesaid, at any time during the continuance of these presents, upon the application of the contractor, extend the date of completion hereinbefore set out, of the work covered by this contract to some date through the summer of 1907; that is a deduction if you should receive an extension of time. Then we have a schedule of 'additions or deductions,' as follows (reads):

1. Cleaning and grubbing, per acre. . . . .	\$ 225 00
2. Excavating and back filling, per cu. yd. . . . .	0 58
3. Mix. No. 1, concrete, in place, per cu. yd. . . . .	12 75
4. Mix. No. 2, concrete, in place, per cu. yd. . . . .	14 50
5. Steel reinforcing bars, per lb. . . . .	0 05
6. Tar and gravel roofing, 3-ply felt, in place, per sq. . .	4 00
7. Sparham roofing, in place, per sq. . . . .	6 00
8. Window frames and windows, in place, each. . . . .	0 50
9. Vertical lifting doors, in place, each. . . . .	160 00
10. Swing doors, 2-in. frames, each. . . . .	130 00
11. Swing doors, 1½-in. frames, each. . . . .	110 00
12. 4-in. terra cotta partitions, plastered, per sq. yd. . .	1 00
13. Vitrified tile pipe, 4-in. to 8-in. per ft. . . . .	0 06

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14. Bitulithic flooring with compacted gravel base, per sq. yd. . . . .	1 60
15. Hardwood flooring, per sq. yd. . . . .	1 20
16. Plank flooring, per M. ft. B.M. . . . .	35 00
17. Water closets, each. . . . .	60 00
18. Lavatories, each. . . . .	30 00
19. Urinals, each. . . . .	25 00
20. Downspouts, each. . . . .	30 00
21. Skylights, each. . . . .	210 00
22. Steam-heating installation, as specified, lump sum ..	2,500 00

You observe there that in the case of this schedule they provide even for putting a roof on the building. These schedule prices here provide for roofing the building, is not that so?—A. No.

Q. What is that, 'Sparham roofing, in place, per sq.'?—A. That is to cover any changes that may be decided on by the department after the letting of the contract. It is to cover any additions or deductions, or changes they wish to make. If they wish to make any changes these schedules would cover those changes, that is all.

Q. You mean to say that this schedule of prices set out here is to cover only changes made in the plans and specifications?—A. Yes.

Q. Your contract is for \$154,945?—A. And that covers the roof.

Q. That covers the roof?—A. Yes, sir, it covers all the work according to the plans, it covers the whole building, the roof and the roofing.

Q. It covered all the doors and windows, everything, partitions and all?—A. Yes.

Q. And it would complete the building, if built according to the plans and specifications?—A. Yes, sir.

Q. Without any additions?—A. Yes, sir.

Q. And this schedule that I have read in this case provides prices in case of changes being made in the plans?—A. Yes, sir.

*By Mr. Barker:*

Q. Either for deductions or additions?—A. Yes, sir.

*By Mr. Crocket:*

Q. In this case, you examined, of course, the plans and specifications as well?—A. Yes, sir.

Q. And your tender, of course, was based upon them?—A. Yes.

Q. Do you remember just what the specification was with regard to the window frames and door frames?—A. No, I do not remember just the reading of it; they were wooden window frames and wooden doors.

Q. The specification as to the window sashes and doors is 'frames, window sashes and doors shall be constructed of clean, dry and sound white pine, free from knots or sap,' that is what you are required to do under the contract?—A. Yes.

Q. How far is this building advanced now?—A. Oh, it is pretty well advanced, more than half done.

Q. Have you put the window frames in?—A. Have I got to put them in?

Q. Have you them in now?—A. They are in one building and partly in another.

Q. In what building are they in?—A. They are in the passenger car repair shop and part of them are in the stores building.

Q. Are the window frames that you have put in of clean, dry and sound white pine?—A. Yes, sir.

Q. As provided there in the contract?—A. Yes, sir.

Q. Who did you buy them from?—A. Oh well, I am not going to discuss private purchases on contract work.

Q. I think we have the right to know?—A. I don't think you have the right at all.



Q. That is not for you to say.—A. Mind you, I do not refuse to say who I bought them from, but I do not think any contractor wants to come up here and discuss any private affairs of that kind—I am not going to refuse.

Q. I want to see whether you have carried out this contract in that particular?—A. Yes, very well, I will tell you who I purchased from, I do not refuse to answer the question, only I do not think it is fair to ask these questions in connection with my business.

Q. From whom did you buy these window frames that you used in this building?—A. I bought part from the Builders' Woodworking Company at Moncton, and part from Paul Lee, Moncton.

Q. The Builders' Woodworking Company, where are they located?—A. At Moncton.

Q. Did you buy first quality white pine according to the contract?—A. According to the specifications.

Q. I am asking you if you bought first quality white pine?—A. Yes, I did.

Q. Free from knots or sap?—A. Yes, sir, it was inspected.

Q. From both of these firms, from Paul Lee, Moncton, as well?—A. Yes, sir.

Q. Did you put window frames in according to the sizes specified in the specification?—A. Yes, sir.

Q. You are sure of that?—A. Yes, sir.

Q. Quite sure of that?—A. Yes, sure of it.

Q. You say that all these sashes and doors are of clean, dry and sound white pine, free from knots or sap?—A. They have been inspected and accepted and they are according to those plans and specifications, that is all I have to say about it, I know that.

Q. That is all you have to say, that they have been accepted?—A. I do not say that is all, I want my answers to be put down right.

Q. What do you say?—A. I say that they are according to these plans and specifications and that they have been inspected by the government.

Q. And accepted by the government?—A. And accepted by the government.

Q. What do you pay for those frames?—A. I do not remember that at all.

Q. You do not remember that?—A. I don't remember that.

Q. Haven't you got the bill?—A. No, I haven't.

Q. Haven't you got the bill from Paul Lee?—A. There are a variety of bills for various orders, I cannot tell you what I paid for these.

Q. You cannot tell what you paid?—A. No, and furthermore Mr. Boyce told me yesterday when he gave me a list of the contracts that I would be questioned on, that I would not need to be prepared on this, because this was an unfinished contract and no details would be required on the unfinished contracts. Isn't that right, Mr. Boyce, that I was not to be questioned on unfinished contracts as to purchases I had made? I haven't anything here to show the price that I paid.

*By Mr. Crocket :*

Q. I would like you to produce Paul Lee's bill and also the bill of the Woodworking company.—A. You want that information for private purposes.

Q. I only want it for the purpose of discovering whether these window frames and doors that you have put in are of the quality called for by the specification, or whether you have put in an inferior quality.

Mr. MACDONALD (Pictou).—Call the inspector if you want to ascertain that.

Mr. FINLAYSON.—I do not think it will be fair to require a contractor to give the prices he gave for goods purchased from manufacturers all over this country in order to fill a contract.

WITNESS.—The goods are there open to inspection, it is not a question of what I paid for them to a sub-contractor. You can't ask a contractor to turn over his whole business to the public, there has got to be something that a man may have left to him after he gets through with this committee.

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*By Mr. Crocket :*

Q. I want to know, for the purpose of discovering whether Mr. Wallberg has complied with the plans and specifications, what he paid for those frames and sashes?—A. The goods are there to be examined.

Q. I am asking Mr. Wallberg if he will purchase the bills from Paul Lee and the Woodworking Company for that purpose.

Mr. MACLEAN (Lunenburg).—The production of those bills will not prove what you want to know, whether the goods are in accordance with the plans and specifications.—A. You cannot expect me to turn over my bills on contract work. The inspectors are there to inspect the material and if you wish you can put on any other inspector that you suggest, I have no objection to that, but as far as giving up my bills, I can't consider it.

Mr. MACDONALD (Pictou).—The point is whether or not the specifications have been complied with, and it does not matter what Mr. Wallberg paid for the article, unless the government inspector says that they are not in compliance with the specifications. If my hon. friend desires to secure information upon that point he should ask the inspector to come here and examine him fully, but I do not know why we should ask Mr. Wallberg to say what he has paid anyone in Moncton for those articles.

Mr. BENNETT.—Mr. Wallberg has already admitted that he bought them from these people.

Mr. WALLBERG.—This was a publicly advertised work and I got the contract in open competition.

Mr. CROCKET.—I don't want to find out what profit Mr. Wallberg has made, I only want to get this information insofar as it bears upon the question of whether he bought first quality or second quality frames.

The CHAIRMAN.—Would that be determined by the production of the accounts?

Mr. CROCKET.—That can be determined by the price paid as shown by the bills.

Mr. BENNETT.—You can buy first, second and third class frames and doors, and if the bills show that he only paid the third class price it would be pretty good evidence.

WITNESS.—These are not the usual doors, you understand, everything is made to order, and it is made under government supervision, everything is closely inspected.

Mr. CROCKET.—Mr. Wallberg has stated that he got these doors and window frames from certain firms in Moncton, and I want to ascertain whether he bought frames and windows according to these specifications or whether he only got them of inferior quality.

Mr. REID (Grenville).—There can be no objection to that—if these invoices were showing the whole total of the contract it would be a different thing, but under the specification there is not so much set out for window frames or anything like that?—A. Yes, there is a price in there for window frames.

The CHAIRMAN.—The witness has sworn that he purchased first quality material and that is a matter of fact which can be proved, whether he did or not. The price he paid for those articles is no evidence whether he bought first or second quality. The invoice of the goods he purchased, showing the prices that he paid for them, will not be evidence as to whether it is first or second quality; that is a matter which can be established by evidence. He has sworn that it is of first quality and if my friends are not satisfied with that let them bring on somebody who will swear that it is not first quality.

*By Mr. Bennett:*

Q. Did you pay for first class quality; were you billed for first class frames?—A. Yes sir.

Q. And your invoices would show that they were first class quality and that you paid on those prices?—A. I did, absolutely. I want to explain this, that this is not stock material, it is special material. No invoice would tell you anything about it, you could not determine anything from the prices as to the quality.

*By Mr. Reid (Grenville):*

Q. Did you give a copy of the specifications you had to the parties you purchased from?—A. Yes, sir, the government plans and specifications were sent to these people to bid on.

Q. And the party who made them was instructed to make them according to the government plans and specifications?—A. Yes, sir, according to the government plans and specifications.

*By Mr. Crockett:*

Q. There can be no objection to the production of these bills?—A. Oh yes, there can be a good deal of objection to the production of these bills. It is certainly a most unreasonable proposition.

Mr. BARKER contended that this was a precisely similar case to that of Mr. Merwin and that there could be no objection to Mr. Wallberg's producing the bills to show that he had purchased material which was in accordance with the specifications. It was all very well to say, bring the inspectors here, but the committee was entitled to go behind the inspectors and investigate fully, and, looking at the whole question, the committee was entitled to know what Mr. Wallberg had paid for those goods in order that they might arrive at a conclusion as to the quality supplied.

Mr. McDONALD (Picton) submitted that there was a difference between the Merwin case and the present one. In this case tenders were asked for, there was public competition, and Mr. Wallberg being the lowest tenderer received the contract. It was a matter of no interest to the public to ascertain at what price Mr. Wallberg sub-let his contract. In the Merwin case there was no public competition and there might have been some little ground for ascertaining the price at which Mr. Merwin bought and the price at which he sold to the government. Furthermore, in the present case no person in the committee could draw a deduction that would be worth anything. The proper course to follow was to direct an inspector, or an independent expert, to go down to Moncton and look at the work.

Mr. REID (Grenville) said the trouble appeared to be that the contractor used inferior material and the government inspector in charge allowed it to slip through. In that way the government were not getting what they actually purchased. If Mr. Wallberg produced his invoices they would perhaps show that the material put into the work was not in accordance with the plans and specifications.

The WITNESS.—Why not have the Chief Engineer here?

Mr. REID (Grenville).—We don't want to go to the expense of bringing a man from Moncton.

The WITNESS.—You cannot get these, I will just tell you that.

Mr. BENNETT asked, whether in the event of the government inspector being called before the committee and the attempt made—he was not saying that such was the case—to prove that he received a fee from Mr. Wallberg, the Opposition would be allowed to enquire if the official had received money or not.

The WITNESS.—You can ask him. You can ask me too if you like.

Mr. BENNETT claimed that in the Collingwood Dry Dock case the Opposition were prevented from asking whether the government inspector had not been allowed a fee of \$15,000 for making a valuation of the property. In this case he did not wish to cast any reflection upon the Government Engineer whose name he did not know.

The WITNESS.—Bring the Chief Engineer.

Mr. MACLEAN (Lunenburg), said the supporters of the government were just as much interested as the members of the Opposition in making contractors live up to their obligations. In this case the question was not one of prices, but whether the specifications had been complied with. If there was any information desired, or any questions that should be asked to enable the committee to determine that fact, by all means let it be brought out. If necessary the committee might send some person to inspect the work.



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THE WITNESS.—Will you let me say a few words about this. Understand I am not so much objecting to producing these invoices if it were not for the fact that my prices will be made public and my competitors will see what I am paying. Now the difference between my method of doing business and that of a good many of the unsuccessful tenderers is that I know how to buy and they don't. If I am going to turn these prices over to them you have just as much right to ask me to turn over my prices for steel and everything else that I bought under the contract. If you do that there is nothing left to my business and I shall have to start over again, that is all there is to it. I have not refused this committee information. I have given information on cranes, on girders, on everything that was under the advertised tender, that I thought would not seriously injure my business. To give this information would seriously injure my business and I don't think it would result in anything being gained. I have just explained that these people manufactured all the frames, sashes and doors in accordance with the government plans and specifications. When the contracts are made the specifications are sent to these shops and they manufacture off them and supply the goods.

MR. CROCKET.—As I have stated before, Mr. Chairman, it is not my object at all to find out what Mr. Wallberg got these goods for. I want to discover whether he really bought from Mr. Lee and the Woodworking Company doors and windows that were in accordance with the specifications.

THE WITNESS.—What is it you want?

MR. CROCKET.—I want, Mr. Chairman, your ruling as to whether Mr. Wallberg shall be asked to produce these papers or not.

THE WITNESS.—What is it you wish to see? The invoices of the Builders' Woodworking Company and of Paul Lee.

*By Mr. Crocket:*

Q. I want to see the invoices of these particular windows and doors?—A. Well, I don't know that the objection is very strong on my part if it is not considered a precedent. That is I mean suppose some man should come up here some other day and ask me to produce the cost of everything connected with my contract, that would be obviously unfair.

MR. CHISHOLM (Antigonish), argued that it was not fair to the men with whom Mr. Wallberg had been dealing that he should be compelled to disclose the prices he had paid for goods. Such a thing might be disastrous to the business of those men. He could very readily see a strong objection against compelling Mr. Wallberg to produce the invoices to show what he had paid for material utilized in carrying out a contract obtained in open competition. There might be exceptional cases where such a proposition could be regarded as fair, but this he thought was not one of those instances. The disclosure of the prices paid by Mr. Wallberg to the firms who had supplied him with material might materially prejudice that gentleman in the purchase of other materials that might be required to complete the contract. The whole question was whether this was first class material or not, and the information disclosed by the invoices would not enable the committee to arrive at a determination upon that point. The quality was a question of fact which could be determined by inspection and by the examination of witnesses who were competent to express an opinion after inspection of the material.

MR. BARKER.—I think we are entitled to have the ruling of the chair upon the question whether we are entitled to ask the witness to produce these invoices.

MR. MACDONALD (Pictou).—The chairman is not required to give his ruling; we did not raise the question. It is for the witness to say whether he will answer or not. We did not raise the question; he raised it himself.

WITNESS.—Gentlemen, I came here before this committee with the idea of giving you everything that is possible, everything in my power that is not going to ruin my business. I will produce these invoices to you on the understanding that I am not going to be asked to produce everything in connection with the contract, that is all.

*By Mr. Crocket:*

Q. Will you swear that the cement used here was mixed in the proportion specified in the contract?—A. Yes, I will say that absolutely—in fact there was more cement put in than required.

Q. When will these buildings be completed?—A. Well, as soon as we begin work in the spring there is about one month's work to finish it.

Q. Is not the work proceeding now?—A. Not on the building, work is proceeding on the ground, but not on the building.

Q. Proceeding where?—A. On the grounds but not on the building; we cannot build concrete work in the winter.

Q. The contract called for the construction of the building. I think, by the first of December, 1906, and when do you expect now to deliver this work?—A. About June, I should say.

Q. I notice up to the 31st of March, by the report of the Auditor General, you were paid \$63,376.05?—A. Yes, sir.

Q. That is up to that time?—A. How much?

Q. \$63,376.05?—A. Yes, sir.

Q. And the items given in this statement are as follows:—

On account of bulk sum contract—

Passenger car repair shop.. . . .	\$20,993 27
Paint shop.. . . .	18,299 18
Store-house and office building.. . . .	10,554 44
	<hr/> \$49,846 89

Material delivered—

Passenger car repair shop.. . . .	\$1,646 25
Paint shop.. . . .	1,021 37
Stores and office building.. . . .	773 59
	<hr/> 3,441 01

Schedule for additions and deductions—

Passenger and car repair shop.. . . .	\$3,218 90
Paint shop.. . . .	3,697 74
Stores and office building.. . . .	3,171 51
	<hr/> 10,088 15
	<hr/> \$63,376 05

A. Yes, sir.

Q. In the details of that estimate, under the heading, 'Schedule for additions and deductions for the passenger car repair shop,' I find the items, '230 cu. yds. excavation and back filling over that shown on plans to carry footing to required depth at 58 cents, \$133.40; and 242 cu. yds. concrete in place over that shown on plans at \$18.75, \$3,085.50,' making a total of \$3,218.90. And on the paint shop, under the same heading there are the items, '528 cubic yds. excavation and back filling over that shown on plan to carry footings to required depth at 58 cents, \$306.24; and 266 cubic yds. concrete in place over that shown on plans at \$12.75, \$3,391.50,' making a total of \$3,697.74. On the stores and office building, under the same heading, there are the items, '552 cubic yds. excavation and back filling over that shown on plans, to carry footings to the required depths at 58 cents, \$302.76, and 225 cubic yds. concrete in place over that shown on plans at \$12.75, \$2,868.75,' making a total of \$3,171.51?—A. Yes.

Q. Now, all those items that are set out as 'Over that shown on plans,' are extras, I presume, are they not?—A. Those are in the foundations, you see, attached to the contract, there is a schedule for 'additions and deductions' that may be found necessary. When we began digging it was found that was swamp land, and the foundations were not suitable, that the buildings would sink in one part.

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Q. And the foundations had to be carried to a greater depth?—A. Yes, and that is where the additional work came in.

Q. And on the bulk sum you received \$49,846.89, and for extras up to March 31 you received \$10,088.15?—A. That is not extras; that is on about the same principle as the Pictou house; you could not see what was underneath.

Q. You received for extra work 'over that shown on plans,' \$10,088.15 up to March 31?—A. No, the bulk sum is for a building above a certain level. If we go below that level, the schedule covers it, but it is not an extra at all.

Q. It is for over and above that shown on the plan as I stated?—A. No, it is not.

Q. That is the way in which it appears in the Auditor General's Report anyway?—A. No.

Q. So that you have received 20 per cent for the work over and above that shown on the plans up to March 31?—A. No, I beg pardon—the building, roughly speaking, is \$154,000, and there have been, I suppose, \$140,000 or \$130,000 perhaps paid on that, and there may have been \$10,000 worth of this schedule work out of this \$130,000.

Q. That is what the Auditor General's Report shows?—A. That is an early report, that is the beginning of the building.

Q. But you have received that up to March 31?—A. That is in the foundations, you understand that the first thing in the work of construction is the foundation, and all the additional work that was required in the foundations would go in on the first estimate, but in the subsequent estimates there has been nothing for that work. All that work was done at the beginning, and I do not believe that the figures for the schedule work have been changed since that time.

Q. You are doing a lot of work down there about this building that is not included in this contract at all, are you not?—A. The most of it is covered by the schedule, as far as I know.

Q. Are you not doing work for which you are just charging the labour for your men?—A. There is some work being done that way.

Q. What kind of work is that?—A. There is the drain work.

Q. And on the water system, and you are doing all that in connection with your other contract, but it is not under contract at all?—A. That work is done by day labour.

Q. Can you give me any idea what you have received for that work?—A. I have not received anything that I know of.

Q. You have received no payment?—A. I have not billed the Government for anything yet.

Q. How long has this work been going on?—A. It was going on a part of last summer.

Q. How many men have you employed on that work?—A. I cannot say.

Q. Are you paid a commission?—A. Well it is day labour.

Q. Then you are paying the men so much. Are you being paid a commission or are you charging the Government so much a day for these men?—A. Just the amount of the actual cost plus 15 per cent.

Q. You add 15 per cent on to the men's wages?—A. Yes.

Q. Do you charge anything for your own time?—A. No, sir.

Q. You charge nothing for your own time?—A. No, sir.

Q. That is given gratis?—A. Yes, sir.

*By Mr. Crocket:*

Q. When did you start that work?—A. That was carried on for a part of last season.

Q. How many months' work did you get in last season?—A. I don't remember.

Q. Three or four months? You were working there practically all the summer,



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were you not?—A. There was a part of the work on the drain that started earlier. The water pipe has only been very recent.

Q. And are the men still at work on that?—A. There are some men at work now, I think. I am not posted exactly on the work that is going on at present, because I have been tied up here instead of being there.

Q. Then this work which you are performing without any contract has been going on since last summer?—A. For a part of last summer.

Q. And on the basis of day labour and materials provided at the prices you charged the government?—A. Yes, sir.

*By Mr. Reid (Grenville):*

Q. In what month did you start this work?—A. I cannot tell you that now.

*By Mr. Barker:*

Q. Have you rendered any account yet?—A. No, sir.

*By Mr. Reid (Grenville):*

Q. You have not collected anything yet?—A. No, I have not rendered any account.

Q. Have you collected anything from the government on account of this work?—A. No, sir.

*By Mr. Crocket:*

Q. And you have rendered no bills?—A. Not yet.

Q. And you are not able to say how many men have been engaged in this work?—A. I can't say.

Q. Would it be 40 or 60?—A. They varied in number. It will be time enough when the bill comes in to scrutinize it.

Q. Surely you are able to state how many men you employed?—A. It varies. Some days there would not be any, other days there would be a few, and other days they might for a part of the day put on more men.

*By Mr. Bennett:*

Q. What is the largest number of men you ever had at any time on this work? Mr. MACDONALD (Pictou) suggested that Mr. Wallberg might hand in a statement as to the number of men employed and the disposition of them.

Mr. REID (Grenville).—Answer the question put you?

The WITNESS.—I can't say exactly, you know but I think probably for a short time there might have been thirty or something like that.

Q. Would there be as high as fifty?—A. I don't think so.

Q. About what wages are you paying?—A. We are paying \$1.60 there now.

*By Mr. Crocket:*

Q. How did you come to make that arrangement, Mr. Wallberg, who put you at that work?—A. Well that work came in connection with the buildings and that

Q. Was it Mr. Butler or Mr. Mackenzie that directed you to go on with this arrangement was made I believe with Mr. Mackenzie and Mr. Butler. work without having any contract?—A. Both, I believe.

Mr. CROCKET.—That is all for the present.

Mr. BUTLER. I want to correct Mr. Wallberg's statement right now. I did not know anything about it. It was entirely handled by Mr. Mackenzie, as the local man.

Mr. WALLBERG.—I think it was Mr. Mackenzie, probably, who awarded it. It was some time ago, and I cannot say positively. I think it was Mr. Mackenzie who awarded it, and, therefore, I wish to correct my previous statement that it was Mr. Butler.

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Mr. BUTLER.—It was carried out under what is known as force account. Mr. Mackenzie directed it to be done, as chief engineer of the road.

Mr. REID (Grenville).—Had Mr. Mackenzie authority to give contracts without consulting you?

Mr. BUTLER.—This is not a contract.

Mr. REID (Grenville).—It is a contract.

Mr. BUTLER.—It is a comparatively small job.

Mr. MACDONALD (Pictou).—I have a statement here of contracts awarded to Mr. Wallberg during the calendar year 1906, which I will hand in so that it may be placed upon the record.

COMPARATIVE Statement of Contracts awarded to E. A. Wallberg during the calendar year 1906.

Work.	Locality.	Amount of Wallberg's Tender.	Amount of next lowest Tender.	Difference.
		\$ cts.	\$ cts.	\$ cts.
Freight cars repair shop .....	Moncton.....	56,630 00	61,000 00	4,370 00
Engine house.....	Pictou.....	62,523 55	65,699 95	3,176 40
Brick car shop.....	Charlottetown .....	35,890 00	46,300 00	10,410 00
Engine house.....	Stellarton .....	5,870 00	6,156 00	286 00
Passenger station.....	Charlottetown.....	58,900 00	67,890 00	8,990 00
Cranes .....	Lévis.....	6,380 00	6,730 00	} 550 00
		*1,300 00	†1,500 00	
Passenger car repair shop.....	} Moncton.....	154,945 00	188,000 00	} 33,055 00
Paint shop .....				
Office building.....				
		382,438 55	443,275 95	60,837 40

\*If duty added. †Price of bucket not included in tender.

Witness was relieved from further attendance for the present.

Committee adjourned.

HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
TUESDAY, May 5, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock, a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the further consideration of a payment of \$775 to E. A. Wallberg for girders supplied to the Intercolonial Railway at Truro, N.S.

Mr. W. B. MACKENZIE called, and sworn and examined.

*By Mr. Macdonald (Pictou):*

Q. Mr. MacKenzie, the committee had under consideration some time ago, certain items relating to the purchase of steel girders from Mr. Wallberg, and the evidence before the committee was to the effect that these girders were purchased by you, or

rather through you by Mr. Wallberg, and that tenders were not asked from other parties at the time. I think you will be familiar with the facts in relation to the matter as contained in the evidence; at page 99 you will find the correspondence that took place between Mr. Butler and yourself on the subject. Perhaps you can explain to the committee the exact circumstances and conditions, as you understand them, in connection with that purchase?—A. I gave the order for these steel girders to Mr. Wallberg at 4½ cents per pound, delivered on the cars at Montreal.

Q. You gave the order?—A. I did.

Q. Well under what circumstances did you come to give this order to Mr. Wallberg? I apprehend from the evidence that you gave the order without tenders being called for?—A. That is correct.

Q. Explain fully the facts and circumstances in connection with this matter and the nature of the service for which they were to be used, and how you came to give the order?—A. They were to be used for the cinder pits at Truro and Chaudière, for the construction of which, before the winter, I had instructions from the department to see that they were completed, so that the cinders might be handled by the locomotive cranes, this being possible at a much less price than they could be handled any other way during the winter. It was a rush order, and I was quite satisfied, and I still am. I was quite satisfied at the time and I am still satisfied that the girders could not have been procured at any cheaper price in Canada. I made inquiries.

Q. You made inquiries as to that fact?—A. I did, there was no time for calling for tenders, it was simply 'get the girders or do without the pits for that winter.'

Q. And the price was 4½ cents per pound?—A. Per pound.

Q. What information had you as to the prices at which they might have been obtained in other places?—A. We had large contracts with nearly all the bridge companies at that time for bridges, for which they were months behind in delivery, at prices between 3 and 4 cents per pound for large quantities of material. The great shops, I say, were all months behind time, and some even a year, in their deliveries. In making inquiries from the bridge companies and local people, some of them wouldn't even acknowledge the receipt of a letter on the subject of steel work. The shops were all full at that time.

Q. And you regard that price of 4½ cents a pound as being as low a price as could possibly have been obtained at that time in the country?—A. It was below.

Q. You take the full responsibility for the wisdom of having made this purchase and you say that it was in the public interest at the price and under the conditions then existing?—A. Certainly.

*By Mr. Barker:*

Q. Mr. MacKenzie, when did you give that order to Mr. Wallberg?—A. When I wanted the girders, I do not remember the date.

Q. That is not an answer, you know, sir, that is not an answer to my question. When did you give that order?—A. I do not know.

Q. That is not an answer, 'when you wanted the girders'?—A. It was when I wanted the girders I gave the order.

Q. You will please make a proper answer. You do not know when you gave the order. Was it in writing?—A. No, it was not.

Q. It was simply a verbal order. How long had the buildings been under construction when you gave that order?—A. They were not under construction at all, it was not a building.

Q. The work, then, how long had it been under construction when you gave that order?—A. I had received instructions to have the work done, it had not started at that time.

Q. I ask you how long was the work under construction when you gave that order to Mr. Wallberg?—A. It was not started.

Q. What about the other material required for the work—whatever it was, when was that begun or commenced?—A. About that time.



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Q. Just at that time?—A. Just at that time.

Q. How long before giving the order was it you received instructions to do that work?—A. I gave the order to Mr. Wallberg a few days after I received the instructions.

Q. How long before doing so had you been instructed to do that work?—A. Not more than a few days.

Q. Had you those instructions in writing?—A. I do not remember whether it was in writing or not, I think not.

Q. Who would give you the instructions?—A. Mr. Butler instructed me to have the cinder pits finished for the winter.

Q. He did give you verbal instructions?—A. I am not certain.

Q. Have you looked to see whether you have those instructions?—A. I have not.

Q. And Mr. Butler gave you verbal instructions as far as you know?—A. I think they are verbal but I am not quite sure.

Q. You gave a verbal order to Mr. Wallberg?—A. I did.

Q. What did you say the work was?—A. Steel girders.

Q. I mean the whole work that you were instructed to get ready before winter, I think you said?—A. They were large cinder pits.

Q. Eh?—A. Large cinder pits for handling the cinders by machinery.

Q. When did you first prepare any plan or specification for that work?—A. The plan for that particular pit was not prepared by me.

Q. Well, when was it prepared?—A. Oh, perhaps a year previously.

Q. A year previously?—A. Not for that particular place, it was a standard plan.

Q. It was a standard plan. Can't you recall when you got instructions from Mr. Butler?—A. I can't remember the date.

Q. Eh?—A. I can't remember the date, it was late in the fall.

Q. Have you no way of ascertaining when you got the instructions?—A. I think by reference to the files and other matters that I may be able to find that. I can produce—

Q. What other material did you require for the work on the cinder pits?—A. A large quantity of concrete.

Q. Yes, did you buy that verbal order also?—A. No.

Q. From whom did you buy that?—A. I instructed the contractor who had the contract for the engine-house to do that.

Q. The contractor for the engine-house was instructed to do that. Were those pits any part of the engine-house? Originally you were building an engine-house without cinder pits, were you?—A. Yes.

Q. Was that an oversight?—A. No.

Q. You really did intend to have an engine-house without cinder pits?—A. That is right.

Q. What else, besides cement, was there required for these cinder pits?—A. Excavation.

Q. I mean material, not work?—A. Some steel reinforcement.

Q. Steel reinforcement—how was that material obtained?—A. By the contractor.

Q. By what?—A. By the contractor.

Q. By the contractor? When?—A. The contract for the engine-house was going on at that time, Rhodes & Curry were the contractors.

Q. About what time did you get this material from Rhodes & Curry?—A. Late in the fall.

Q. How long before you gave this order to Mr. Wallberg?—A. Just about the same time it may have been.

Q. That is all you can say, you have no record have you?—A. It might be within a few days. I think I can find the date.

Q. You knew what you were coming here for, did you not?—A. I did not.

Q. Were you not told what the object of your examination was?—A. No.

Q. Where are your headquarters?—A. At Moncton.

Q. And you came all the way from Moncton not knowing what you were to be examined about and without looking at any dates or particulars, is that so?—A. I looked at all the dates there were.

Q. Where did you look for the dates?—A. On the telegram which I received.

Q. What telegram did you receive, do you mean from this committee?—A. I received a telegram from my office at Moncton.

Q. From your office at Moncton to do what?—A. Telling me that I was required here at 11 o'clock to-day.

Q. Did you look into any particulars at all about this work?—A. I did.

Q. What did you look into?—A. I took a general survey of all the work that I thought I would be questioned on.

Q. Did you know that you were going to be questioned about this particular thing, about this engine-house?—A. No.

Q. Or these pits?—A. No.

Q. Therefore you have not looked at anything?—A. I have looked at some things.

Q. Did you look for this particular thing?—A. I did not look for that particular date.

Q. Did you look for any papers, accounts, statements or reports about the doing of that work and the ordering of those materials from Rhodes and Curry, and Mr. Wallberg?—A. Not about the ordering, no.

Q. Then, what did you look at respecting this matter in the way of papers, accounts or statements?—A. I looked at the printed reports of this committee.

Q. Someone sent you the reports of this committee?—A. Yes.

Q. You saw there that Mr. Wallberg was being examined about this verbal order of yours?—A. Yes.

Q. I suppose you knew that you would be examined as to why you gave this verbal order?—A. I did not know that.

Q. Did you not see that that was one of the matters arising in the investigation?—A. That was one of the matters.

Q. And although this was a matter that you had undertaken to do yourself, the giving of a contract to Mr. Wallberg without tenders or anything else, you did not look into any particulars?—A. I did not look at the particular date. I supposed that it would be sufficient for me to say that I had done so.

Q. You thought that would be quite sufficient?—A. I did.

Q. You take the responsibility for it?—A. Yes.

Q. You say you did not look up the date. I would like to know what you did look up in connection with this matter?—A. I have a statement. I found what was paid for them.

Q. What papers did you look up, or books or reports, of yours, to see when and how the transaction occurred?—A. I knew precisely how it had occurred.

Q. I did not ask you if you knew precisely how it occurred. I ask you, sir, what papers you looked at?—A. I looked at the statement prepared by one of my assistants.

Q. Prepared when?—A. About Friday last.

Q. Then you came here to give evidence upon a statement prepared by one of your assistants, and you did not look into it yourself?—A. I did.

Q. Then I come back to my former question, what did you look at?—A. I looked at the statement.

Q. You looked at his statement?—A. His statement.

Q. One of your assistants prepared a statement and handed it to you, is that it?—A. That is it.

Q. And that is what you are swearing to here?—A. No.

Q. You did not take the trouble to look at any original paper yourself in order to give us dates or any other particulars?—A. There are no original papers.

Q. Eh?—A. There are no original papers on that subject.

Q. What would your assistant look at if there were no papers?—A. He looked at the payment that was finally made for these girders.

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Q. He did not look up anything else?—A. There are no papers on the subject.

Q. You did not look at anything that would show when the work was done, or anything else, so as to tell this committee all about this transaction? You trusted entirely to your memory, is that so?—A. That is so, in a general way.

*By Mr. Reid (Grenville):*

Q. I would like to ask you one or two questions. About these steel girders, you gave the order to Mr. Wallberg?—A. I did.

Q. A written or verbal order?—A. Verbal.

Q. Were there plans or anything of that kind prepared?—A. Yes, there was a plan prepared.

Q. And you gave him plans?—A. I gave him measurements and plans.

Q. You gave him plans?—A. The length of the girders and the measurements of them. I think those were shown on the plans.

Q. You made the plans?—A. Yes.

Q. And did you give him plans?—A. Yes.

Q. Does Wallberg manufacture?—A. Yes.

Q. He manufactured these things?—A. Yes.

Q. He manufactures steel girders?—A. Yes.

Q. Where is his plant?—A. I beg your pardon.

Q. Where is his plant located?—A. Well, he had them manufactured.

Q. I ask is he a manufacturer of steel girders himself?—A. No, not directly.

Q. Not directly?—A. No.

Q. He purchased from some manufacturer of steel girders?—A. Yes, he did.

Q. Do you know from whom he gets these steel girders?—A. I happen to know.

Q. From whom?—A. The Locomotive and Machine Company.

Q. Do you know what Mr. Wallberg paid for them?—A. No, I do not.

Q. Mr. Wallberg never told you?—A. No.

Q. Did you apply to the Locomotive and Machine Company asking them for a price for those steel girders?—A. I did.

Q. And what reply did you get?—A. I got a reply that they could not supply them at all.

Q. They could not supply them at all?—A. To me.

Q. They could not supply you, but they could supply Mr. Wallberg?—A. No, they did not say that.

Q. Did the Intercolonial, through you, ever purchase any goods before from the Locomotive and Machine Company?—A. Bridges.

Q. And they refused to supply these girders?—A. They refused to supply me with them.

Q. Did you apply by letter form them?—A. No, I went personally.

Q. You went personally to them?—A. I did.

Q. And there was no correspondence whatever?—A. No.

Q. Who is the gentleman you saw personally that refused to supply these girders to the government?—A. Mr. Harrington.

Q. What position does he occupy in the Locomotive and Machine Company?—A. He is not there now.

Q. What position did he occupy then?—A. Chief engineer and manager.

Q. Where is he living now?—A. Kansas City.

Q. He is not on this side of the international boundary line?—A. No.

Q. Did you try to get a price at any other place but the Locomotive and Machine Company?—A. No, at that time I did not.

Q. Do you know of any other concern in Canada that manufactures steel girders?—A. Yes.

Q. Name some of them?—A. The Hamilton Bridge Company, the Dominion Bridge Company—



Q. Are they located in Montreal?—A. The Hamilton Bridge Company is in Hamilton.

Q. Yes?—A. The Canadian Bridge Company, Walkerville, Ont., the Canada Foundry Company, Toronto, and a number of local concerns.

Q. And the Dominion Bridge Company, Montreal?—A. Yes.

Q. You went to Montreal to see if you could purchase these goods from some manufacturing concern?—A. Yes.

Q. And you did not go to the Dominion Bridge Company?—A. I did not.

Q. You only went to the one concern?—A. Yes.

Q. Why did you not go to the Dominion Bridge Company?—A. Because I knew that the Dominion Bridge Company was more than full of work, and was behind—very much behind—in their deliveries for important bridges to the Intercolonial Railway.

Q. Is that any reason why they would not have these steel girders or girders that might have suited?—A. Well, I did not suppose it was any use to ask them for these girders at that time; in fact I knew that it was no use to ask for them.

Q. Well, did the Locomotive and Machine Company give you any reason why they would not supply them?—A. They were too full of work.

Q. And although they were too full of work you did not think it worth while to go and ask the Dominion Bridge Company?—A. I did not.

Q. And you did not think it worth while telegraphing to the Hamilton Bridge Company?—A. I have had previous correspondence with all those companies.

Q. About those girders?—A. Not about those girders, about other matters.

Q. How long before did you have that correspondence?—A. I had correspondence with them all the time, I was pushing them for the delivery of bridges.

Q. Other bridges?—A. Yes.

Q. But you never asked them for those girders?—A. I did not ask them for those.

Q. And you never asked the Canadian Foundry Company, Toronto?—A. No, I did not.

Q. Did you have any correspondence with them about any other work?—A. Only about bridges.

Q. Were you purchasing any other goods from them?—A. Only bridges.

Q. You did not feel it worth while to ask any other of the large manufacturers of Canada if they could supply those seven girders?—A. I knew they could not and I did not ask them.

Q. You knew already that the Locomotive and Machine Company could not supply them and yet you asked them?—A. I asked them because I happened to be there.

Q. Do you consider, Mr. MacKenzie, you were doing your duty as an employee of the Intercolonial Railway in not asking the other manufacturers if they could supply those girders?—A. With the knowledge which I had at that time, I consider that I did my whole duty.

Q. And you had the same knowledge about the Locomotive Machine Company, Montreal, that you had about this, at that time?—A. Yes, general knowledge, and it was confirmed by my conversation with Mr. Harrington when in Montreal. He told me a story about turning away work every day. He said: 'I am turning away work every day; people come here and offer me any price for small jobs.' And he gave me an instance. He said: 'The other day a man came here with a small job, and I told him I could not take it; he offered to pay me any price—he was a friend of mine—and I brought my men back here at night and worked them overtime, and he paid the overtime, and the price was 9 cents a pound. I can't drive them away; we are all just in the same box.'

Q. Mr. MacKenzie, how long after you gave the order to Mr. Wallberg was it before the goods were delivered?—A. They were delivered very promptly.

Q. So that the Locomotive Machine Company had them in stock at the time?—A. I don't know anything about that; somebody had them in stock.

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*By Mr. Macdonald (Pictou):*

Q. Mr. Wallberg explains that he had arranged with this company to furnish him with steel for other work at this time, and that he got these girders in at that time under the other order. Were you aware of that, that Mr. Wallberg had orders in with that company?—A. No, he did not tell me that; he gave me a price which I thought was a reasonable one and accepted.

*By Mr. Reid (Grenville):*

Q. You had orders for other work with these companies at that time, you say?—A. I am not certain whether we had orders with this company at that time or not.

Q. About how much do you give, say, to the Dominion Bridge Company, of Montreal, per annum? \$200,000 or \$300,000 had they under contract at that time?—A. I think it is not quite that much, because it is usual to divide the money between three or four companies.

Q. I suppose it would amount to quite a large sum each year?—A. Yes, \$50,000 or \$60,000.

Q. Yet you are prepared to say that these companies that have been receiving such large orders from the government would refuse to supply these seven steel girders?

Mr. MACDONALD (Pictou).—Not 'refuse,' but were unable to supply them.

Mr. REID (Grenville).—No, 'refuse' is the word Mr. MacKenzie used, because these companies had so much work.

Mr. MACDONALD (Pictou).—That is within a specific time.

Mr. REID (Grenville). I would like Mr. MacKenzie to answer these questions, he is under examination.

Mr. JOHNSTON.—The trouble is that Mr. MacKenzie does not answer the questions as you want him to, although he answers correctly.

*By Mr. Reid (Grenville):*

Q. Mr. MacKenzie, these companies refused to supply these goods, although they had these large orders from the government?—A. No, they did not refuse, because I did not ask them to. It would have been absurd to go to any company that you are pushing for the delivery of some important work all the time and ask them to stop their shop and turn out some small order; it would be absurd.

Q. Take this one, the Locomotive Machine Company, they were doing a large amount of work for the government at that time, were they not?—A. I am not sure about that.

Q. They refused to supply these goods?—A. I am not sure that the Locomotive Machine Company was doing work for us at that time; that particular company has done work for the Intercolonial, but to a much smaller extent than others, for the reason that they are a new company.

Q. Were they not supplying engines?—A. That I know nothing about.

Q. You never heard at the time that they were supplying engines for the Intercolonial?—A. I am not certain about that time, but I know they have supplied engines very largely.

Q. You say they refused to supply you, at all events?—A. They certainly did.

*By Mr. Crockett:*

Q. You said, in justification of giving this contract to Mr. Wallberg without a tender, that you were satisfied his prices were the best that could be obtained in Canada. You have just told Dr. Reid that you inquired of one establishment, that is the Locomotive Machine Company?—A. Yes.

Q. Did you get quotations from them?—A. From the Locomotive Machine Company?

Q. Yes?—A. Verbally I did.

Q. What was their quotation?—A. Well, Mr. Harrington told me the story about turning away work—

Q. What was their quotation? You said you inquired for a quotation?—A. He simply said he couldn't give it to me at all.

Q. You did not ask for a quotation?—A. I went there for the purpose of finding out whether he could supply them and of making the best bargain I could make.

Q. You asked him for a quotation?—A. I went there for the purpose—

Q. Did you or did you not ask him for a quotation?—A. You may call it a quotation if you like; I went there for the purpose of finding the best I could do in Montreal.

Q. Did you ask for a price at which they would put the girders in?—A. He said: 'We won't take your order; we cannot do it at all.'

Q. You did not ask for a price?—A. No.

Q. You gave the contract to Mr. Wallberg without having a quotation or a price from anybody at that rate?—A. Except verbally.

Q. Except verbally?—A. Mr. Harrington said, 'We are turning away work.' He did not mention any particular price for which he could do it, because he said he couldn't do it at all.

Q. Then it is a fact that there was no quotation, you did not obtain any quotation from any other firm in Canada?—A. I did not.

Q. And notwithstanding that you stated that you were satisfied that Mr. Wallberg's price was the best that could be obtained in Canada?—A. I am.

Q. You said in your direct examination that you ascertained that by inquiries?—Yes.

Q. Now you tell us you did not inquire?—A. I did.

Q. You did not make an inquiry for a quotation from the Locomotive Machine Company?—A. I went there for the purpose of asking a quotation.

Q. You went there for that purpose?—A. And I talked with the Chief Engineer for half an hour.

Q. And you asked him for a quotation?—A. Certainly, I told him I went there to find out whether or not he could supply these girders, and what he could supply them for. And he replied that they could not supply them at all.

Q. You did not receive a quotation from that party at all?—A. I did not, because he could not do the work.

Q. So that when you gave that contract to Mr. Wallberg, without tender, you had received no quotation from any firm in Canada, isn't that true?—A. I did not.

Q. Do you know what Mr. Wallberg paid the Locomotive Machine Company for these girders?—A. I do not know.

Q. Did you not state that you had read the evidence given by Mr. Wallberg?—A. I did not notice that in it.

Q. Have you read his evidence?—A. I struck that this morning, but I did not strike that particular price.

Q. Do you know that Mr. Wallberg paid them for the girders for Truro, \$455.88, that is what he swore when before the committee a few weeks ago?—A. I do not know about that.

Q. And he paid the same for the girders at Chaudiere?—A. Yes.

Q. And that he turned over these two sets of girders at Chaudiere?—A. Yes.

Q. And that he turned over these two sets of girders, for which he paid \$911.76 to the Locomotive Machine Company, to the government for \$1,414.80? Do you know that?—A. I think that is right, I think that would be the amount of the payment.

Q. Then are you satisfied now that Mr. Wallberg's price was the best that could be obtained in Canada?—A. Yes, I think so.

Q. Notwithstanding that fact?—A. Yes.

Q. What do you think, the chief engineer of the Intercolonial, of Mr. Wallberg having a profit of over \$500 on a sale to the government of \$1,400; as a middleman's profit, what do you think of it?—A. It is a pretty good profit.

Q. Is that a reasonable profit for the Intercolonial Railway to pay to a middle-



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man? As chief engineer of the Intercolonial I ask you that?—A. I say that 4½ cents a pound is a reasonable price to pay for the girders.

Q. Is that a reasonable profit for Mr. Wallberg, or any other middleman, to get on girders purchased by him for the Intercolonial Railway?—A. I do not know.

Q. What is that answer?—A. I do not know.

Q. You do not know? Are you the gentleman who certifies to these quantities, and who certifies to Mr. Wallberg's accounts, as to quantities, and being in accordance with the provisions of the specifications?—A. Yes.

Q. You are the gentleman?—A. Yes.

*By Mr. Reid (Grenville)*

Q. Is Mr. Wallberg paid in the same proportion for other work that he is doing for the Intercolonial?

Question objected to by Mr. Macdonald (Pictou).

The committee proceeded to the further consideration of the payment of \$63,376.05 to E. A. Wallberg, in connection with passenger car shops, paint shops, and stores and office buildings at Moncton, N.B.

Mr. W. B. MacKENZIE, chief engineer, Intercolonial Railway, called, sworn and examined.

*By Mr. Macdonald (Pictou):*

Q. Now, Mr. MacKenzie, there is another matter I would like to call your attention to. In discussing the shops at Moncton on page 123 of the evidence, as printed, given by Mr. Wallberg, when he was before the committee, the question was asked him as to the amount of money he had received up to March 31, 1907, and then he went on—that is March 31 of last year, I suppose, and this question was asked him:—

‘You are doing a lot of work down there about this building, that is not included in this contract at all, are you not?’

And to that question his answer was:—

‘The most of it is covered by the schedule, as far as I know.’

Then he was asked the further question:—

‘Are you not doing work for which you are just charging the labour for your men?’

‘A. There is some work being done that way.

‘Q. What kind of work is that?—A. There is the drain work.

‘Q. And on the water system, and you are doing all that in connection with your other contract, but it is not under contract at all?—A. That work is done by day labour.

‘Q. Can you give me any idea what you received for that work?—A. I have not received anything that I know of.

‘You have received no payment?—A. I have not billed the government for anything yet.

‘Q. How long has this work been going on?—A. It was going on a part of last summer.

‘Q. How many men have you employed on that work?—A. I cannot say.

‘Are you paid a commission?—A. Well, it is day labour.

‘Q. Then you are paying the men so much. Are you being paid a commission or are you charging the government per day for these men?—A. Just the amount of the actual plus 15 per cent.

‘Q. You add 15 per cent on to the men's wages?—A. Yes.

‘Q. Do you charge anything for your own time?—A. No, sir.

‘Q. You charge nothing for your own time?—A. No, sir.

‘Q. That is given gratis?—A. Yes, sir.’

That work apparently seems to have been outside the contract which Mr. Wall-  
1—9½

berg had. Will you just explain how he came to be doing it and let us know the facts with reference to it?—A. What you refer to is a sewer. There are new works and lines of water pipe and other pipes as well, such as gas pipes, air pipes and steam pipes. Most of that work is under schedule. Some of it cannot be included in the schedule because the prices do not apply to that kind of work. The sewer is partly on one side of the track where the buildings are, and partly on the other side down to a brook where the sewer discharges.

Q. And part you say is being paid for at schedule rates in the contract?—A. Yes.

Q. Do the specifications in the contract provide for doing any of this work at the schedule rates?—A. Yes.

Q. How is it that some of this work is not being dealt with according to the schedule rates in the contract, that is what I would like to know? How is it you have made other arrangements with reference to this other portion of the work?—A. This sewer at one place went down quite deep into the ground and the contractor said that part of it could not be considered as being under the schedule, because the schedule only covered ordinary ditches to an ordinary depth. Below that he could not possibly do the work at the schedule price.

Q. There was a schedule price fixed for the excavation of drains and things of that kind generally?—A. Yes.

Q. All to a certain depth?—A. To an ordinary depth.

Q. I suppose that is the usual practice in contracts of that kind excavating to the ordinary depth?—A. Yes.

*By Mr. Crocket:*

Q. Is that in connection with the contracts for the buildings?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. Where you come to deal with drains that have to be put at an excessive depth, there the conditions get out of the schedule rates?—A. That is what it did in this case.

Q. And you have to pay an extra amount for extra depth?—A. What I told him was to go ahead and do the work and what would properly come under schedule would be paid in that way. The remainder would be paid at the actual cost plus 15 per cent.

Q. On what is called force account in regard to contracts generally, I suppose?—A. Yes.

Q. Do your inspectors keep track of the distinction between these two?—A. Yes.

Q. What do you say about the allowance of 15 per cent extra?—A. That is an allowance which—

Q. Is that the usual allowance, or is it an excessive one?—A. That is the usual allowance.

Q. The usual allowance in your experience of contracts?—A. In all our contracts.

Q. What proportion of that work would be outside of the schedule, you might tell me generally what it was? You say it was a portion of this excavation for the sewer or drain. Now, what else is there?—A. All the increased depth of the sewer over the ordinary depth would be included in the day labour portion.

Q. Did this involve Mr. Wallberg getting any special consideration or treatment that would not be accorded to any other contractor under similar conditions?—A. He is certainly not getting any special advantage. He will be paid precisely for the work done and no more.

Q. There is nothing unusual or extraordinary in this arrangement?—A. Not at all, it is the same arrangement that we have in all other contracts that are in force.

Q. Is there anything outside of what you told us which he is doing by day's labour there?—A. Nothing but the ditching.

*By Mr. Crocket:*

Q. You arranged with Mr. Wallberg to do this work also, did you not?—A. I did.

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Q. Without tenders?—A. Yes.

Q. Is that not independent entirely of the building contract?—A. No.

Q. Is not the work which Mr. Wallberg, in his evidence a few weeks ago spoke of, the construction of a water and sewerage system?—A. That is what it is.

Q. For these buildings?—A. Yes.

Do you say that his contract covers any part of the work?—A. I do.

Q. Well, I would just like you to show me where the contract provides for that (exhibiting contract)?—A. In the schedule. They don't seem to have the schedule here.

Q. I think you will find it in clause 30?—A. It is printed in the evidence.

Q. I think you will find it in clause 30, the schedule. Perhaps this is it, see if it is (handing file to witness)?—A. I don't think the schedule of prices is here.

Q. What is the bulk sum of the contract for those three buildings?—A. \$146,600. No, excuse me, \$146,445.

Q. That is for the three buildings—the paint shop, car repair shop, and what is the other one?—A. Passenger-car repair shop, passenger-car paint shop, storeroom and office building.

Q. And that is for those buildings complete?—A. Yes.

Q. Now, what else have you got there?—A. The schedule for additions or deductions.

Q. That is in connection with these buildings?—A. Yes.

Q. Is there in any part of that contract the question of sewerage or water system mentioned?—A. No.

Q. So the contract does not provide for a sewerage and water system?—A. Excepting as covered by the schedule.

Q. These are for additions and deductions from the contract?

Mr. MACDONALD (Pictou).—Except as covered by the schedule for excavation work generally.

*By Mr. Crocket:*

Q. These are prices for additions or deductions to or from these buildings, is not that the way you interpret this schedule of prices here?—A. And the necessary connections with the building.

Q. The necessary connections?—A. To make the buildings perfect.

Q. So you interpret that as covering the sewerage and water system?—A. I do.

Q. Tell us where the original schedule prices are for the sewer and water system?

—A. (Reads):—

'Cleaning and grubbing, per acre. . . . .	\$225 00
'Excavating and back filling, per cubic yard. . . . .	0 58
'Concrete, mix No. 1, in place, per cubic yard. . . . .	12 75
'Concrete, mix No. 2, in place, per cubic yard. . . . .	14 50

Q. Sewer pipes must be in there, too?—A. (reads):—

'Steel reinforcing bars, per lb. . . . .	\$0 05'
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Q. Is that necessary for the drain, for the sewer?—A. Yes.

Q. These were necessary in the sewers?—A. That is all that refers to such works as described.

*By Mr. Crocket:*

Q. Is there anything for sewer pipes there?—A. Concrete.

Q. Does that cover sewer pipes?—A. Yes.

Q. And water pipes?—A. The schedule covers excavation for water pipes, 'Excavation and back filling.'

Q. Is there anything there that will cover water pipes?—A. No.

Q. Then, I ask you, did you draw these plans?—A. No.

Q. Or specifications?—A. No.



Q. Who drew them?—A. The Department of Railways and Canals.

Q. And did you contemplate, or do you think that the contract contemplated the construction of a sewerage and water system?—A. Yes, I think so.

Q. And provided for it just by that schedule of prices you have named?—A. Yes.

Q. Do you think that is a business-like way of doing it?—A. Yes.

Q. When was the work on the sewerage and water system begun under this arrangement with Mr. Wallberg?—A. In the summer of 1907.

Q. What part of the summer?—A. About the middle of the summer.

Q. About the middle of the summer, have you any record of it at all?—A. I can find it.

Q. Where can you find it?—A. In Moncton.

Q. In your own office?—A. Yes.

Q. Did you inspect the work, have you been inspecting the work?—A. Yes.

Q. And you have a record, have you, when the work was begun?—A. I have a record of everything.

Q. Of everything?—A. Of everything.

Q. You say that began about the middle of the summer, what do you mean by that?—A. It began in the summer, I can't give you the date.

Q. How long was it continued?—A. All the fall.

Q. All the summer and all the fall?—A. Not all the summer.

Q. Well, from the time it was begun?—A. Yes.

Q. From the time it began it continued through the balance of the summer and all the fall?—A. Yes.

Q. Up to what time?—A. Until the frost came.

Q. When was that?—A. About November.

Q. And was the work resumed this spring?—A. Yes.

Q. And is it still in progress?—A. Yes.

Q. How many men did Mr. Wallberg have on this extra work that you put him at last summer and fall?—A. I do not know.

Q. You do not know?—A. No.

Q. Can you give the committee any idea?—A. Well, guessing at it I should say from 20 to 40.

Q. I have heard it stated, Mr. Mackenzie, that he had as many as 100 men at work under this special arrangement with you, for a considerable time; is that statement untrue?—A. I think so.

Q. Would you swear that he had at any time as many as 100 men at work on this job?—A. Oh, well, I did not count them, but I think I would be perfectly safe in saying that he never had 100 men at one time.

Q. That he never had 100 men at one time, and the estimate you have given us is between 20 and—A. Forty.

Q. Is that the closest you can come to?—A. Yes, I never counted them.

Q. Have you a record at Moncton?—A. Certainly.

Q. Did you bring it with you?—A. No.

Q. Why not?—A. Because I wasn't asked to bring information upon a particular subject,

Q. You knew that you were to be examined upon the subjects that Mr. Wallberg had been examined on, didn't you?—A. No.

Q. You did not?—A. No.

Q. Didn't you state this morning that you had seen copies of his evidence?—A. After I came here.

Q. After you came here, and you did not see copies of the evidence until after you came here?—A. No.

Q. Then you had no idea what the committee wanted to question you about?—A. I did not.

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Q. You came here prepared with nothing?—A. I brought a considerable number of papers.

Mr. MACDONALD (Pictou).—It was at my instance that Mr. McKenzie was summoned here to give evidence; he was not asked to bring any particular papers, and had no knowledge what he was to be question about.

*By Mr. Crocket:*

Q. This work is going on on the same ground that Mr. Wallberg is performing his contract on, is it not?—A. Yes.

Q. Does Mr. Wallberg supply the material, all the material that may be required for the sewerage and water system, or does the government supply it?—A. For the sewerage system, yes; for the water system, too.

Q. For the sewerage system Mr. Wallberg supplies the material, and for the water system the government supplies the material?—A. Yes.

Q. And that is supplied by the government upon the same ground on which Mr. Wallberg is carrying on his contract work?—A. Yes.

Q. It would not be a large contract, would it, to divert some of that material to his contract work there?—A. It was not done.

Q. You say it was not done. Have you been watching for that?—A. Yes.

Q. And you say that none of that has been done, that none of the material that has been put upon the ground by the government has been diverted into the contract work by Mr. Wallberg?—A. Not one ounce.

Q. That is to say, you have not seen any?—A. There is none.

Q. How do you know that?—A. I know just as well as I know anything.

Q. You can see there is a very, very fine opportunity for that kind of thing under that arrangement, isn't there?—A. There is no opportunity, in any construction work on the Intercolonial for anything of that kind.

Q. You suppose not?—A. I am sure there is not.

Q. And these labourers, is there no diversion of labour?—A. No.

Q. From one work to the other?—A. Certainly not.

Q. There is no opportunity for that?—A. No.

Q. Why is that?—A. Because they are too closely watched.

Q. Who are those who are watching them so closely? Are you one of them?—A. Yes.

Q. You are the gentleman who gave Mr. Wallberg this contract without tender, and who gave him the girder contract without tender and who certifies to his estimates?

Mr. MACDONALD (Pictou).—This is not a contract without tender.

Mr. CROCKET.—Yes, it is.

Mr. MACDONALD (Pictou).—Not at all, you do not know anything about construction work or you would not say that.

*By Mr. Crocket:*

Q. When you say he is closely watched, do you refer to your own vigilance?—A. No.

Q. To whose vigilance do you refer?—A. That of my assistants who are put there for that purpose.

Q. Who are they?—A. Mr. Torrens.

Q. What is his Christian name?—A. Mr. G. C. Torrens.

Q. Of Moncton?—A. Yes.

Q. Who else?—A. Stevens.

Q. What is his initial?—A. H. Stevens.

Q. Are there any others?—A. There are two inspectors.

Q. What do you call Torrens and Stevens?—A. Assistant engineers.

Q. Are they permanent employees of the Intercolonial?—A. They are.

Q. Who are the inspectors?—A. William Rhindress.

Q. Of Moncton?—A. At present residing in Moncton.

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Q. Who else ?—A. Thomas Sefton.

Q. S-i-f-t-o-n ?—A. S-e-f-t-o-n.

*By Mr. Macdonald (Pictou) :*

Q. No relation to Clifford Sifton ?—A. No.

*By Mr. Crocket :*

Q. Is he residing in Moncton ?—A. Residing in Moncton.

Q. That is the vigilance force ?—A. That is the vigilance force.

Q. Two assistant engineers, are they permanent employees of the Intercolonial ?—A. Yes.

Q. And you say that Rhindress is now residing in Moncton. Where did he reside formerly ?—A. Originally he belonged to Wallace, N.S.

Q. And where does the other man reside ?—A. He has been in the employ of the Intercolonial for 30 years or so.

Q. At Moncton ?—A. Yes.

Q. And are these men constantly supervising this work ?—A. Constantly.

Q. And the inspectors and the two assistant engineers are upon the ground all the time ?—A. Yes, all the time.

Q. And you rely upon them to prevent any diversion of labour from one work to the other ?—A. Principally.

Q. How often do you visit the ground to see ?—A. About twice a week.

Q. Do you know if Mr. Wallberg has rendered any account as yet for the work ?—A. No.

Q. Are you aware of the fact that when he was examined here a few weeks ago he said that notwithstanding this work was begun away back last summer no bills had been rendered yet ?—A. He has been paid nothing on that.

Q. Those bills come to you in the first place for certificate, I suppose ?—A. His bills were not accepted for anything.

Q. He is entitled to be paid for this work, I suppose, some time ?—A. Yes.

Q. The usual practice is to make an estimate ?—A. Make measurements.

Q. Well, have any measurements been made up to the present time ?—A. Cer-

Q. Partly measurements, how do you work a system like that ?—A. A schedule rate of so much a yard.

Q. He is to be paid by measurements ?—A. Partly measurements, partly day labour.

Q. So much a yard ?—A. Yes.

Q. That would shut out the day labour system ?—A. No, not on that particular part.

Q. Not on that part ?—A. No.

Q. What part would day labour apply to ?—A. The other part.

Q. What is that part ?—A. The part that is not included in the schedule.

Q. Is that the best explanation you can give of that ?—A. Yes.

Q. How much of this work is being done upon a measurement basis ?—A. I cannot tell you that until the work is completed.

Q. You could not tell that until the work is completed ?—A. No.

Q. Could you not tell if you had your records before you ? Do you know what proportion ?—A. No.

Q. You could not tell even with the records before you ?—A. I could tell as far as it has gone.

Q. Can you give the committee no idea as to how that will divide ?—A. No.

Q. Can you give us any estimate as to what Mr. Wallberg has made or earned on this work, outside of these contracts, in connection with the sewerage and water system ?—A. No, I could not do that.



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Q. Can you give any explanation as to why he has held back this account for six, seven and eight months?—A. The work is not completed.

Q. The work is not completed but he is working day labour?—A. Some.

Q. Are the men being paid?—A. Yes.

Q. By Mr. Wallberg, I suppose?—A. Yes.

Q. He is going on paying the men and receiving nothing from the government to pay them?—A. Precisely.

Q. And you think he proposes to wait until the whole job is completed before he puts in his bill to the government?—A. He has got to wait.

Q. He has got to wait?—A. Yes.

Q. Is it not usual, where work is being done on a day labour basis, to wait until the work is completed?—A. But it is not all day labour and that is quite usual, too.

Q. But with respect to day labour?—A. Yes, it is quite usual.

Q. Is that quite usual?—A. Yes, that is quite usual.

Q. Even where there is a contract, for the contractor to wait for payment until he completes his job?—A. Day labour, yes.

Q. On a contract?—A. Yes, additional work.

Q. The Auditor General's report is full of progress estimates and I venture to say that you cannot show me a single contract where the contractor has waited for payment until he has completed his job?—A. Yes.

Q. You say that it is the usual practice when work is done on a basis of day labour for the contractor to wait for payment until the job is completed?—A. It is quite—

Q. When will this job be completed?—A. Oh, I should think in two months, three perhaps.

Q. It may go on for two or three months yet?—A. It may.

Q. That would cover the whole year with the exception of that portion of the winter season during which he could not work?—A. Yes.

Q. At any rate, it would cover over half the year?—A. Yes.

Q. And you thought it advisable, as engineer of the Intercolonial, did you, to give work of such a magnitude as that to a man upon an arrangement of that kind?

A. Yes, under the circumstances.

Q. You thought that advisable?—A. Under the peculiar circumstances that existed.

Q. Did you consult Mr. Butler, the deputy minister, before you did that?—A. No.

Q. Do you consider that as engineer of the Intercolonial railway you have power to make contracts of that kind without consulting your superiors?—A. I do not consider that a contract.

Q. You did not consider it a contract and you had no hesitation in entering into that contract and yourself arranging with Mr. Wallberg without a consultation with your superior officer in the department?—A. I had no hesitation under that schedule.

Q. How much is that whole job going to cost outside of the buildings?—A. I cannot tell.

Q. In connection with the sewerage and water system?—A. I cannot tell that because some of the details of that water system are not settled yet.

Q. Some of the details are not settled?—A. No.

Q. Did you consider the question as to whether tenders should be called for work of that kind?—A. I did.

Q. You did?—A. I did.

Q. Did you say that you did or that you did not?—A. I did.

Q. And how long did you consider that?—A. I don't know just how long I considered it, but I came to the conclusion that it was not practicable in that case.

Q. Did you consult with anybody as to the wisdom of calling for tenders?—A. No.

Q. You consulted nobody?—A. Nobody.

Q. But you did consider the question and decided, without consultation, that ten-

ders should not be called for and that you would just get Mr. Wallberg to come and do the work?—A. Yes.

Q. Upon the basis of day labour?—A. Under the schedule.

Q. Are there not contractors in Moncton that could have done the work?—A. Possibly.

Q. Don't you know that there are?—A. That could have done it. Yes.

Q. And that if tenders had been called for you would have got offers right upon the ground?—A. I might.

Q. And you have no idea now as to what this will cost?—A. I have no idea because the work is only partially finished.

Q. You do not know whether it will cost fifty thousand, or seventy-five thousand or anything like that?—A. No, I don't think so.

Q. Well, what would you estimate?—A. I cannot estimate.

Q. You have been on the ground you say twice a week every week the work was in progress and yet, as engineer you cannot give this committee any idea of the value of the work?—A. No, I cannot.

Q. Is that right?—A. I cannot at present. I could not guess it very much better than you could at the present time.

Q. Is there a foreman for this work? Has Mr. Wallberg a foreman?—A. Yes.

Q. Who is the foreman?—A. Mr. Nicholls, the general superintendent.

Q. What is his Christian name?—A. I forget his other name.

Q. You forget his first name? What wages does he receive?—A. I do not know.

Q. You do not know the wages he receives?

*By Mr. Macdonald (Pictou):*

Q. He is in Mr. Wallberg's employ, is he not?—A. Yes.

*By Mr. Crocket:*

Q. Is it not a fact, Mr. MacKenzie, that the bulk of this expenditure that is being made there is for hand labour, or is it—

Mr. MACDONALD (Pictou).—'Hand' labour, what is that? In contradistinction from machine labour, do you mean?

A. Some of it is hand labour.

*By Mr. Crocket:*

Q. Is the bulk of it hand labour?—A. Not the bulk, not the bulk of it.

Q. What was it?—A. Horses, scrapers and ploughs.

Q. How many horses did he have on this job? You have spoken of between 20 and 40 men, how many horses, how many teams?—A. I do not know that. I think Mr. Wallberg had—I heard someone say he had—40 or 50 horses of his own, but they are distributed all over the yard, in all sorts of places, so that I could not tell you how many horses were engaged on the sewer proper.

Q. But he was using these horses in connection with the contract work, wasn't he?—A. The same horses?

Q. Yes?—A. No, not the same horses. They could not be working in two places at once.

Q. Is not this the same ground, and is it not the same building that Mr. Wallberg has the contract for?—A. No, there is not more than 600 feet of it on that side of the track where the buildings are.

Q. How far is the track from the buildings?—A. About 600 feet.

Q. So that is all the information, as the engineer of this department, and as one who has been visiting over the grounds twice a week during the time that this work has been in progress, that is all the information you can give this committee?—A. If you will ask something further, I may be able to answer.

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*By Mr. Barker:*

Q. I wish to ask you a question. I am reading now from Mr. Wallberg's testimony about this day labour. He was asked:

'Was it Mr. Butler or Mr. MacKenzie that directed you to go on with this work without having any contract?'

And Mr. Wallberg answered:

'Both, I believe.'

Then Mr. Butler, on Mr. Wallberg retiring, said:

'I want to correct Mr. Wallberg's statement right now. I did not know anything about it. It was entirely handled by Mr. MacKenzie as the local man.'

That is correct, is it?—A. Yes, that is correct.

Q. This statement of Mr. Butler is correct?—A. That is correct.

Q. I suppose you have in your office all the data that will enable you to say exactly what work Mr. Wallberg has done on the day labour system?—A. Yes.

Q. It gives the number of men employed and the number of days employed?—A. Yes.

Q. You have all that?—A. Yes.

Q. How did you get that?—A. From my assistants.

Q. From your assistants you got it?—A. At least they have it.

Q. They have it?—A. They have it.

Q. Then you haven't got it?—A. I haven't it here.

Q. I do not say 'You haven't it here'; you haven't it in your office?—A. Yes, it is in the office.

Q. It is in your office and not in the hands of your assistants?—A. It is also in the hands of my assistants.

Q. Don't you know when it is in your office that whatever your assistants have is your own? Don't fence about words. You have this information, haven't you?—A. Certainly.

Q. It is returned to you week by week?—A. No.

Q. How often is it returned?—A. About once a month.

Q. You say about once a month; is there no regular time for reporting? Is there no regulation for sending in these reports?—A. Yes, they send me weekly reports.

Q. Then it is not once a month?—A. These quantities are not given every week.

Q. Do these reports show, week by week, or day by day rather, how many men were employed?—A. No.

Q. They do not? Then what is the nature of the information you have that will enable you to tell how many days Mr. Wallberg had men employed there, and how many men?—A. Will you please ask that question again?

Q. What information have you in your office that will enable you to say how many days of labour have been done by Mr. Wallberg's men?—A. The books kept by my assistants.

Q. The books? Are these books kept in your office?—A. No, they are with the assistants.

Q. What do you call the assistants?—A. The two assistants who are in charge of the work, who reside on the work, and have an office on the work.

Q. Have these people had their books since last June, and you have never got them yet to see what is going on?—A. I have general returns as to the progress of the work, general reports.

Q. Do you mean to say that ever since last summer this work has been going on, with interruptions, and that you haven't yet obtained from your assistants a statement of the amount of work that has been done for which the government is liable on that day work, that is so?—A. Yes. I have a statement.

Q. You have?—A. I have a statement.

Q. In your office?—A. Yes.



Q. What is the nature of it? I have asked the question twice and as near as I can get to it you say it is in the hands of your assistants?—A. It shows the number of days' work.

Q. Who reported this?—A. Mr. Torrens.

Q. And you have now actually in your office reports from week to week?—A. No, the weekly reports are general, as to the progress of the work in a general way.

Q. But they do not say how many men were employed or how many days' work there were?—A. No.

Q. Would you get any reports which give you the work performed from day to day and how many men were on it?—A. Any time I wish to get at these they are in their books and I can go and see it or ask for an abstract of it.

Q. I am asking you if you have it in your office?—A. Yes, I have it in my office.

Q. You do not have the details?—A. I have the total up to the present in my office.

Q. Have you the details?—A. No, excepting in their books.

Q. These books are not in your actual possession?—A. No, they are in the office on the ground.

Q. They are in the office on the ground, and you haven't in your office any details showing the number of days' work from time to time since last summer?—A. No.

*By Mr. Macdonald (Pictou):*

Q. They are available, however, whenever you require them?—A. Certainly.

*By Mr. Barker:*

Q. Did you make this arrangement verbally?—A. Yes.

Q. There is no writing at all with Mr. Wallberg?—A. It was verbal.

Q. What was the arrangement?—A. I have already stated the arrangement—that the part that could be done under the schedule was to be done under it.

Q. I am speaking of the day labour work—you understand me—I am not bothering about your contract at all?—A. Yes, he was to be paid—

Q. This work that was to be done by day labour, what was the arrangement about that?—A. He was to receive 15 per cent over the actual cost.

Q. He has not yet rendered an account for that?—A. He has not.

Q. And in your office you haven't got the material to enable you to know how much that amounts to?—A. Yes, I have.

Q. You have told me twice you have only the weekly general report.

Mr. MACDONALD (Pictou).—He has said positively that he has the information.

Mr. BARKER.—Only the general reports, the books are in his assistant's hands.

Mr. MACDONALD (Pictou).—If it is not in his office his assistants have it, and what is the difference, it is under his control?

*By Mr. Barker:*

Q. Have you, in your office, with your clerks or anybody else, any statements, or papers, or books that will enable you to make up now how many days' work has been done under this day labour arrangement?

Mr. MACDONALD (Pictou).—Or under your control?

Mr. BARKER.—Really, Mr. Macdonald, I think I have the right to ask this question without interference.

*By Mr. Barker:*

Q. I am asking if you have that information in your office?—A. I have a general statement in the office which shows the result.

Q. The general result?—A. The general result.

Q. You have said that twenty times, I am not asking you about that.—A. That is all.

Q. What have you in your office that would enable you to make a statement of

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the number of days worked, from time to time, since that day labour work began ?—A. My office is as much on the ground as it is in the general office building.

Q. You know what I mean by your office, I want to know whether you have the return sent into your office?—A. No.

Q. You have not ? Now, where are those?—A. I have the general results sent into my office.

Q. You have told us that before ?—A. The details are in the books in the office on the ground.

Q. Have you anything in your office that states the number of days' work done for which this 15 per cent profit is to be paid, plus the labour ?—A. Yes, I have.

Q. You have ?—A. I think that general statement puts it in that way.

Q' You think so ?—A. I think so.

Q. Are you sure about it ? You have told us twice that the general statement simply reported the general progress of the work ?—A. I think it gives the number of days.

Q. You think it does, that is all you can say about it ?—A. Not at all.

Q. Now where are these books in which your assistants, as you call them, keep a record of the work ?—A. In the office on the work.

Q. Not at your headquarter's office ?—A. No.

Q. Those books have not been handed over to you yet as the engineer ?—A. They have not been deposited in the general office nor won't be until the work has been completed.

Q. Have you never ascertained how much the liability of the government is for that work which has been going on for nearly a year ?—A. At any particular date ?

Q. At any time ?—A. No, I have not separated it.

Q. You cannot tell us whether the amount is thirty thousand, forty thousand, fifty thousand, or sixty thousand, you can give us no idea ?—A. I don't think it will reach any of those figures.

Q. You cannot tell us whether the liability of the government will amount to more or less than \$20,000 ?—A. No, I cannot say.

Q. You cannot say anything at all about the amount ?—A. I prefer not to say anything about unfinished work.

Q. What arrangement did you make with Mr. Wallberg that he would not be paid anything for that work until the whole contract was completed ?—A. I did not make any arrangement.

Q. There was nothing said about that ?—A. No.

Q. And Mr. Wallberg has not sent in an account ?—A. He has not.

*By Mr. Macdonald (Pictou):*

Q. I suppose, Mr. MacKenzie, the principle upon which no payment is to be made is not the result of any special arrangement but simply the ordinary principle that a man should complete his job before he is paid ?—A. Generally speaking, yes. Another reason is that I never like to get the progress estimates too close to the limit of actual work done, for the reason that the beginning of any work always costs less than the end. If you erect a building, the first part of your work costs less than the last part of it ; and if the progress estimates are kept up too close, the contractor is overpaid in the first part of the work and it may lead him into trouble, and I prefer to have my progress estimates under than over—

Q. The actual work done ?—A. The actual work done.

Q. How long have you been on the Intercolonial in the engineering department, Mr. MacKenzie ?—A. Since it has been the Intercolonial.

Q. Ever since its inception ?—A. Yes.

Q. Of course, your experience as an employee, or rather as an officer of the Intercolonial, has been all in the engineering department ?—A. Nowhere else.

Q. Is there anything anomalous in this proposition that a man who had a contract for doing a piece of work, a large part of which is at schedule rates—is there

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anything anomalous in that man being utilized, he being there on the ground with his plant and men, for doing some other work that becomes necessary in connection with the whole plan of operations in that vicinity and paying him at the schedule rates?—A. No, certainly not.

Q. Has that thing occurred at any time previously in your career as engineer during the last 25 years? Is it an unusual thing?—A. To some extent it is constantly occurring.

Q. It has occurred right along?—A. And is now occurring.

Q. It is not an unusual practice at all?—A. Not at all, it is the common practice.

Q. Why is it, where you have a contractor who has agreed to do a certain kind of work at the schedule rates considered desirable that such a man is the best person to go on and do some other, perhaps, consequent work that develops in that vicinity? As a matter of policy I understand that you, as an engineer of long experience, regard it as the best thing to do and it has been done all along? Now why is this?—A. The contractor is on the ground, he has his plant and can do the work cheaper than anybody else. That is one reason. Another reason is that where two or three contractors are working together in a restricted area it is impossible to prevent claims and trouble.

Q. One against the other?—A. One against the other.

Q. And against the government?—A. All of them against the government directly or indirectly and claims one with another. We have no less than four contractors in one yard at present, and there is no end of trouble. It is simply a fight all the time between themselves or between some of them and the Railway Department, and it is a very undesirable thing to have more than one contractor on a piece of work at the same time. In some cases it is impracticable to have more than one, and I consider that in this case it was impracticable for the reason that in the latter part of the summer the whole place was a sea. Four or five steam pumps had to be kept constantly going to handle the water. The buildings are in a sort of basin and the drainage of the country comes right in. That had to be taken care of where this sewer work was going on and it would be absolutely impossible for two contractors to work there at the same time. One man who had the contract could legitimately claim as part of his work anything that could come under that schedule connected with these buildings. He could claim that and did claim that; outside of that it was simply impossible to have another contractor come in there and do part of that work.

Q. Now as regards the cost to the department of this work being done by Mr. Wallberg? You have stated in general terms why the department is advantaged by reason of this method. Do you think that work, from your long experience, could have been done any cheaper than you are getting it done by Mr. Wallberg?—A. It could not be done as cheaply or anything like it.

Q. It could not be done as cheaply or anything like it? And is it a fair question to ask you that in arranging for this work on force account, under these conditions, you considered you were acting in the best interests of the country and of the department, and that you were obtaining the construction of the work at less cost than it could have been done for otherwise?—A. Most assuredly, otherwise I would not have done it.

*By Mr. Reid (Grenville):*

Q. In addition to paying 15 per cent on the labouring men, do you also pay 15 per cent of the work of the horses and carts?—A. A horse and cart is labour the same as a man.

Q. You would pay 15 per cent on the horse and cart as well?—A. Yes.

Q. And also 15 per cent on the superintendent?—A. No.

Q. I beg your pardon.—A. No.

Q. You do not pay on that?—A. No.

Q. Has Mr. Wallberg furnished you with a statement as to what rate of wages he is paying each and every man?—A. Yes, our men know that precisely.



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Q. How do they know it?—A. They are on the ground and have the same facility for knowing that the contractor's foreman himself has.

Q. Then you pay him also for the use of the horses and carts as well as the labour?—A. The horse and cart is so much a day.

Q. And the scraper and team and man, so much per day?—A. Yes.

Q. And he gets 15 per cent on that?—A. Yes.

Q. Mr. Wallberg has other contracts on the Intercolonial?—A. Yes.

Q. And is the other work that he is doing day's work, as well?—A. No.

Q. Under your supervision?—A. I think there will probably be a small amount of that done in most of them.

Q. In almost every one of his contracts?—A. Yes, in most of his contracts.

Q. And is that the same arrangement with respect to them too, that he gets 15 per cent?—A. That is the rule.

Q. You made that agreement with him, that he is to have 15 per cent on every day's work he does over and above the contract?—A. It is so stated in the contract.

Q. It is so stated in the contract? This is not a contract I am speaking of now, this work which you have given him is outside and above this contract?—A. This is the only thing that has been done in that way.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

## COMMITTEE ROOM No. 32,

WEDNESDAY, May 6, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the further consideration of the payment of \$63,376.05 to E. A. Wallberg, in connection with passenger-car shops, paint shops, and stores and office buildings at Moncton, N.B.

The examination of Mr. W. B. MacKENZIE, continued.

*By Mr. Crocket:*

Q. Are the passenger car repair shop, the passenger car paint shop and the stores building at Moncton nearing completion?—A. The passenger car repair shop is pretty well on to completion.

Q. Is any one of them completed?—A. None perfectly completed.

Q. When will they be completed?—A. Some of them very shortly, in fact we propose to—

Q. They will be completed within what time, a month?—A. Yes.

Q. The buildings will be completed in a month?—A. No, not all three. The stores building won't be completed for two months, perhaps two and a half.

Q. But the passenger car repair shop and the passenger car paint shop you expect will be completed in a month?—A. Oh, well they are practically completed, excepting a little roof work.

Q. There was a contract for a planing mill, also at Moncton, awarded to Rhodes, Curry and Company?—A. Yes.

Q. Is that building completed?—A. Practically completed. There is some work to do on the roof.

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Q. And did you, as engineer, supervise that job as well as the Wallberg work?—  
Yes.

Q. Will you explain to me why it is that Rhodes, Curry & Company are paid only 35 cents a yard for excavation and back filling over that shown on plans, and \$8 for concrete in place, over that shown on the plans, and why Mr. Wallberg on the same ground is paid 58 cents a yard for excavation and back filling, over that shown on the plans, and \$12.75 for concrete in place, over that shown on plans?—A. Different contracts.

Q. Do you know that Rhodes, Curry & Company's contract provides for that schedule?—A. The one you read. Yes.

Q. 35 cents for excavation and back filling and \$8 for concrete. Wallberg's contract provides for \$12.75 for concrete and 58 cents for excavation and back filling. These two jobs were going on on the same ground?—A. That is right.

Q. Are you aware that Mr. Wallberg up to March 31 had received \$10,088.15 for this work over and above that shown on the plans on the basis of the schedule prices?—A. I cannot prove that without looking at the papers.

Q. Have you examined the Auditor General's Report?—A. No, I have not.

Q. You will find the particulars, I think, at pages 122 and 123 of the evidence (handing to witness a copy of the printed evidence)?—A. At page 122 I find (reads):

On account of bulk sum contract—

Passenger car repair shop . . . . .	\$20,993 27
Paint shop . . . . .	18,299 18
Storehouse and office building . . . . .	10,554 44
	————— \$49,846 89

Material delivered—

Passenger car repair shop . . . . .	\$1,646 25
Paint shop . . . . .	1,021 37
Stores and office building . . . . .	773 39
	————— 3,441 01

Q. Now the schedule for additions and deductions, gives the amounts?—A. (reads):

Schedule for additions and deductions—

Passenger car repair shop . . . . .	\$3,218 90
Paint shop . . . . .	3,697 74
Stores and office building . . . . .	3,171 51
	————— \$10,088 15
	————— \$63,376 05

Q. If you examine the Auditor General's report at page W—55 you will find that \$10,088.15 is made up of excavation and concrete over that shown in the plans?—A. Yes.

Q. At these schedule prices?—A. Yes.

Q. You have no other explanation to offer for Mr. Wallberg receiving \$12.75 for concrete and 58 cents for excavation, while Rhodes, Curry & Company received \$8 for concrete and 35 cents for excavation on the same ground, than that the contracts provided for these amounts?—A. In general that is correct—

Q. Now are you quite sure?—A. And the contractors were the lowest tenderers in both cases.

Q. Can you tell me if for this work you yourself arranged with Mr. Wallberg—the sewerage and water system—the excavation and the concrete is being paid for on the basis of 58 cents and \$12.75 respectively?—A. I gave you yesterday the basis on which it was being paid for.

Q. That was the basis you read from the contracts?—A. Yes.

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Q. And he has received that for the sewerage and water system?—A. He will receive that, yes.

Q. Did any of these buildings settle or spread while in course of construction?—A. No.

Q. None of them?—A. No.

Q. There was difficulty discovered in the construction of the buildings?—A. Not the slightest.

Q. Neither in the passenger-car repair shop nor in the paint shop?—A. No.

Q. Was it not found necessary to put a tier of southern pine heavy timber, through the centre of one of these buildings from end to end on account of the settling of the structure?—A. It was not.

Q. Is there a tier of southern pine heavy timber, in any one of the buildings?—A. No.

Q. Was it necessary to brace any one of these buildings with iron bolts from side to side?—A. No.

Q. You said yesterday, I think, that you did not draw the plans and specifications for any of these buildings?—A. That is correct.

Q. They were drawn in the department?—A. They were.

Q. Did you make any alterations in the plans for these buildings after the contract was awarded?—A. Not alterations of consequence.

Q. You did make alterations?—A. Some slight alterations.

Q. What was the extent of the alterations you made?—A. I spread the foundations a little to reduce the pressure on the foundation bed in some cases, and put the foundations down further into the ground which accounts for these additional that you have just spoken of.

Q. And you are responsible for that?—A. Quite so.

Q. And that is what has given Mr. Wallberg these extra payments?—A. Precisely.

Q. At these rates?—A. Yes.

Q. Did you do that after consultation with the Engineer's Department at Ottawa?—A. No.

Q. You did that off your own bat?—A. I did.

Q. Without consultation with the department?—A. I did.

Q. You altered the plans for all these three buildings to that extent?—A. To that extent.

Q. And you increased the value of Mr. Wallberg's contract, up to the 31st March, 1907, by over \$10,000 by doing that?—A. That is right.

Q. There were no other alterations?—A. Not of any consequence.

Q. Were there any other alterations than those you have mentioned?—A. There are a lot of details here and there, quite a number, but very small things that would take some considerable time to talk about.

Q. Did any of these alterations result in any deductions from the contract price?—A. They are mostly additions.

Q. Were they not all additions?—A. No, there were some deductions.

Q. Can you give the committee any idea of the amount of the additions that resulted from these changes that you made in these plans?—A. The amount is shown here.

Q. That is only up to March 31, 1907, shown there in the Auditor General's report?—A. Not unless you show me later payments.

Q. You say you cannot give the committee any idea of the difference that these changes in the plans would make in the cost of the work?—A. Up to the present?

Q. Yes?—A. No, not without looking over the later payments.

Q. Well, didn't you make an estimate at the time?—A. I can explain any payment that you may put before me.

Q. Did you make an estimate at the time that you made these changes in the plans of what the cost would be?—A. No.



Q. Have you any idea in your mind as to what additional cost would be occasioned by these changes in the plans?—A. I did not estimate it in detail.

Q. You say the chief changes were in spreading the foundation and carrying them to a greater depth?—A. Those were the chief changes.

Q. Did you consider that necessary?—A. I did.

Q. But the engineers of the Public Works Department apparently had not considered them necessary?—A. Well, they were not as well acquainted with the local conditions as I was.

Q. Were you consulted by the engineers in the department here in the preparation of the original plans and specifications?—A. In a general way as to the location, but not as to the details of the width of the foundation walls or their depth into the ground.

You were not consulted by the engineers in the department here?—A. On that particular I was not.

Q. Did you undertake afterwards, Mr. Mackenzie, to change their plans without ever consulting them?—A. I did.

Q. Has your attention been called to the matter by the Public Works Department or by the engineers here?—A. No.

Q. Have you had any communication or correspondence with them on the subject?—A. No.

Q. None at all?—A. None at all.

Q. With the Railway Department—I beg pardon, I think I used the expression ‘Public Works Department’; you have had no correspondence or communication with them?—A. Not on that particular subject.

Q. You were never asked for an explanation?—A. No.

Q. Do they know—as far as you know, are they aware that these plans that were prepared at headquarters here were altered by you without consultation with them?—A. I am not certain that they are aware of it.

Q. You do not even know then whether they are aware of the fact?—A. Mr. Butler has been on the ground several times and saw the work in course of construction.

Did you ever tell Mr. Butler that you had made those changes?—A. I do not remember, but I pointed it out to him on the ground.

Q. Are you positive on that?—A. I am not positive, but that is my recollection.

*By Mr. Macdonald (Pictou):*

Q. Who drew the plans, Mr. MacKenzie?—A. The plans are signed by Mr. W. A. Bowden, the designing engineer of the Department of Railways and Canals.

*By Mr. Crockett:*

Q. Having made these changes you passed these plans over to Mr. Wallberg, telling him to go ahead?—A. I did not make any change in the plans.

Q. You altered the specifications to that extent?—A. I gave Mr. Wallberg instructions to spread the foundations a foot on each side and to lower the wall two feet, putting it six feet lower than the base rail instead of four feet.

Q. Were those verbal instructions?—A. Yes.

Q. You gave him no written instructions?—A. No.

Q. And when you speak about altering the plans and specifications you refer to those verbal instructions?—A. Yes. What I meant by altering the plans was what I have told you, that I instructed the contractor to do certain things in addition to what was shown on the plans. That is what I meant by saying that I altered the plans.

Q. That is all you meant?—A. That was all I meant.

Q. That you instructed him verbally?—A. Precisely.

Q. Then there is no record at all, the department here has no record at all, or you have no written record as to these foundations being carried to an extent greater than provided by the original specifications?—A. Yes, and I have more record than

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that. I have special plans of these walls and measurements in my office on the ground, showing precisely how far down the wall went in each and every case.

Q. Were these plans prepared before the work was done?—A. While the work was being done.

Q. While the work was in progress? You have these in your possession?—A. I have.

Q. Have you ever forwarded copies of them to the department?—A. No, I have not.

Q. And you never consulted the department in reference to them?—A. No, I did not.

Q. Now I want to know how much you think that these changes you ordered down there off your own bat are going to cost the department?—A. I think probably the cost is here pretty nearly, because the work is on the foundation and that part of it is done first.

Q. Do you say that \$10,000 will cover it?—A. I think so. I do not see why it shouldn't, because the work is finished and it shows here that the work is paid for.

Q. Bearing in mind that that payment comes up to the 31st March, 1907, was all the excavation and back filling completed at that time, and the concrete?—A. In March, 1907?

Q. Yes, by the 31st March, 1907?—A. Yes, in these particular buildings I think that would be correct. It certainly was done or it would not be shown there.

Q. You supervised the Rhodes, Curry Company's contract for a planing mill on the same ground—you are aware that this Auditor General's Report for the year ending 31st March, 1907 does not carry any payment beyond the end of that fiscal year?—A. I know that.

Q. And still you think that this \$10,000 will cover the additional cost that was caused by your instructing Mr. Wallberg to enlarge the foundations, is that right?—A. I would hesitate to say that that was right for the reason that there may have been something done since. I haven't the papers, but I can give you if I get time enough to prepare a statement for you, I can give you anything you wish for. But you can scarcely expect me to supply from my personal knowledge, entirely without an opportunity of referring to what may have been done since, to give you that information.

Q. I would expect you to be able to give an approximate idea of the cost of this work that you ordered?—A. No, I made no estimate at the time or since, but compared with the cost of the whole work it is a very small item.

Q. Then, as I understand you, the greater part of the extra work which you ordered would be paid for under this schedule at \$12.75 per cubic yard for concrete and 58 cents per cubic yard for excavation and back filling?—A. Oh yes.

Q. And that the Rhodes, Curry Company, for which you supervised a job at the same time and on the same ground, did similar work, concrete at \$8 per cubic yard and 35 cents per cubic yard for excavating and back filling, so that Mr. Wallberg got a pretty good thing out of the alteration of these plans to that extent?

Mr. MACDONALD (Pictou).—Do you assert that Mr. Mackenzie did that wrongfully?

Mr. CROCKET.—I am saying that is the effect of it. Is not that the effect of it. I am simply asking Mr. MacKenzie, in view of the schedule prices that Mr. Wallberg obtained for the concrete, excavation and back filling, if he does not think the contractor got a pretty good thing out of the alteration of these plans that Mr. MacKenzie directed?

The WITNESS.—I do not think that any of Mr. Wallberg's prices are excessive.

*By Mr. Crocket:*

Q. They are just that amount over Rhodes, Curry & Company's prices for the same work on the same ground?—A. That may be.

Q. Do you often do that kind of thing, Mr. MacKenzie, make changes of that kind without consulting your superior officers?—A. When I think it is necessary to spread the foundations of a building on account of meeting with soft bottom where a harder one is expected, I never hesitate to spread the foundations and pay for it.

Q. You would never think of communicating with the engineers who drew the original plans and asking their judgment about it?—A. No.

Q. You say you would never think of doing that?—A. No.

Q. So that besides making arrangements with Mr. Wallberg to construct a sewerage and water system by day labour, a job that will require very nearly a year's time, without consultation with the Railway Department, you have given him these additional earnings on his contract for those buildings?—A. They are not additional earnings, the worth of the money is in the work.

Q. Did the Railway Department, or the Deputy Minister, call you down at all for presuming to make this contract with Mr. Wallberg for the construction of the sewerage and water systems?—A. I have not heard of it yet.

Q. There was no complaint made to you by the department?—A. No.

Q. You told us yesterday you did that without consulting the department at all?—A. That is correct.

Q. I think Mr. Barker drew your attention yesterday to the statement that Mr. Butler made here at a former meeting, that the first he knew of this was when Mr. Wallberg mentioned it here a few weeks ago?—A. I think I saw something like that in the printed evidence.

Q. Have you discussed the question with Mr. Butler since that time?—A. I have not.

Q. Have you received any inquiries from Mr. Butler?—A. No.

Q. Neither written nor verbal?—A. No.

*By Mr. Macdonald (Pictou):*

Mr. MacKenzie, on this point the examination of my friend Mr. Crocket is calculated, if not explained, and is intended no doubt, to convey the impression that you have committed some flagrant breach of duty in your position as chief engineer of the railway in changing the plans, as he says, and all that kind of thing. Now was there anything anomalous in your providing for the widening of these foundations and the deepening of them, in the interest of the safe construction of the building, having regard to the practice that existed under both governments and as long as you have been on the Intercolonial Railway?—A. No, we have always done that when the constructing engineer thought it desirable for the safety of the building.

Q. Certainly. I am asking you as to the practice that has occurred during all the time that you have been in the Engineering Department of the Intercolonial under Conservative as well as Liberal Ministers. You received the plans of a building drawn by an architect, or by specialists, along a particular line?—A. Yes.

Q. The task of constructing that building is one that has always devolved on the Chief Engineer of the road from time to time?—A. Yes.

Q. He becomes responsible for that?—A. Yes.

Mr. BARKER.—Don't you think you had better ask him questions, you are giving the evidence?

Mr. MACDONALD (Pictou).—Don't get to be an obstructionist, you are pretty nearly one now.

Mr. BARKER.—I protest against the honourable gentleman's manner, putting word after word and sentence after sentence into the witness' mouth to which the witness says yes.

Mr. MACDONALD (Pictou).—Mr. Chairman, I want you to remember that my friend Mr. Barker, one of the leading members of the committee, has seriously stood up and objected to any honourable member asking a leading question.

Mr. BARKER.—You are not putting a leading question. You are not putting any question at all.



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Mr. MACDONALD (Pictou).—That is a very important position for him to take. Other people have been insulted and abused in the newspapers throughout the country for making far more important objections than that.

Mr. BARKER.—I hope that what I have said and what you have said has been taken down.

Mr. MACDONALD (Pictou).—That is right, we will have it taken down.

*By Mr. Macdonald (Pictou):*

Q. When this digression occurred I was asking you as to whether or not it was not the duty of the chief engineer of the Intercolonial railway, whoever he might be from time to time, to see to the safe construction or prudent carrying out, of any work for which he received the plans prepared by the specialist in Ottawa. That would be the special duty of the chief engineer?—A. I so consider it.

Q. It has always been so throughout your connection with the road?—A. Certainly.

Q. I understand that here at Moncton you received certain plans for the construction of these buildings which were drafted in Ottawa by Mr. Bowden?—A. Yes.

Q. When you came to deal with the erection of the buildings what did you find was the condition of the ground and what conditions were there which in your judgment, as a prudent engineer, rendered it necessary for you to provide for these safeguards?—A. The ground was low and flat and formed a sort of basin into which the surrounding country drained so that the frost went down very deep into the ground, and to guard against that I put the foundations two feet further down than shown on the plans; and as there were some spots softer than others, and to reduce the pressure on the foundation bed under the walls, I increased the width one foot on each side.

Q. That is the width of the foundations?—A. The width of the foundations for the reason that those buildings, some of them, are very heavily loaded with travelling cranes and other machinery which produce a compression on the soil, some of them, amounting to what I considered was too high a pressure per square foot, and I made up my mind that I should increase the width of the foundations to ensure greater safety for the building and prevent cracking.

Q. You were responsible for the safe erection of these buildings in other words?—A. Not the slightest doubt about that.

Q. And finding these conditions existing you exercised your judgment, you took what you deemed to be a prudent course, having regard to your responsibility and provided that these things should be done?—A. Yes.

Q. Then had you any other motive, Mr. MacKenzie, other than ensuring the safety and permanence of this construction in providing for these things?—A. No.

Q. None whatever. Could you have got any information from the architect which would have improved or advanced your knowledge to enable you to come to the conclusion as to what was the right thing to do in that connection?—A. No.

Q. You exercised your judgment from what you found on the ground in the excavations that were made?—A. Yes, and I am doing that every day in connection with other parts of the same work.

Q. When once you decided that this should be done in order to secure the permanence of the buildings, there were two courses open to you, as has been suggested; that you should call for tenders to widen these foundations and deepen the excavation, or that you should adopt the schedule of rates which were fixed in the contract with Mr. Wallberg for work of that kind. You had these two courses open to you, I understand?—A. I consider that the schedule of rates was put there for just such purposes.

Q. That is what I was coming to. I wanted to know whether or not, in any contract in which schedule rates were provided for certain classes of work, whether or not the custom and expectation of the tenderer, and of every contractor, would be that he should receive the schedule rates for work of that kind in connection with the building? So that practically there was only the one course open to you, and that

was to give the work to Mr. Wallberg which was contained in the contract?—A. That was the only course open to me.

Q. In your experience, as an engineer of the Intercolonial Railway, during all the time you have been there, apart from the legal question as to your being compelled under the contract to do that, have you ever known of any other course being adopted under like circumstances?—A. No, I have not.

Q. Under any minister, under any political party?—A. No.

Q. Or in private contracts, as a matter of general practice in business in the country?—A. That is correct as to private contracts also.

Q. Well now, Mr. Mackenzie, Mr. Crocket called your attention to the fact that the Rhodes, Curry Company were erecting some other buildings in that vicinity, and were doing the same work at a schedule of rates which was much lower than Mr. Wallberg's was?—A. Yes.

Q. What does that mean?—A. It means that they put in lower prices on their schedule work.

Q. For the building for which they were contracting?—A. For that particular work.

Q. And if any subsequent changes or improvements in the foundation of that kind were required under the Rhodes, Curry contract they would be paid for what they did according to the schedule of rates contained in their contract?—A. Yes, and they were paid.

Q. They were paid, as a matter of fact, according to schedule of rates. Would it be possible as a matter of construction work for one contractor to make a foundation of a certain width and depth and then for the department to call in another contractor to deepen the excavation and to add a foot or two to the depth. Would it be a practical proposition at all?—A. No.

Q. Was there anything in regard to what you did with Mr. Wallberg in connection with the extension of the foundation and the deepening of the excavation, or in the schedule of rates, which was improper?—A. No.

Q. Or which requires any explanation or defence at your hands?—A. I think not.

*By Mr. Reid (Grenville):*

Q. You knew at the time when the plans were submitted there would have to be some alterations?—A. No.

Q. I mean when the original plans were sent down to you?—A. No.

Q. Did you start to work in accordance with the plans?—A. Yes.

Q. When did you find out there would have to be some changes?—A. When the ditches were dug and the wall was being commenced.

Q. When the ditches were dug and the wall was being commenced?—A. I then looked into the matter very carefully.

Q. Did you notify the department that there would have to be some changes made?—A. No, I did not.

Q. You made the changes on your own responsibility?—A. I have said that already.

Q. And for the price of \$12.75 for concrete. Did you make that agreement with Mr. Wallberg?—A. Oh no, that is part of the contract.

Q. That is part of the schedule of prices. Mr. Wallberg is building a machine shop, isn't he?—A. Yes.

Q. And are there any extras being allowed on that?—A. The deepening of the foundations and the widening of the wall.

Q. The same as the other?—A. The same as the other—that is all I know at present.

Q. Did you make these changes in the same way as in the other, the passenger-car shops?—A. Yes.

Q. You made the changes?—A. Yes.

Q. You did not notify the department?—A. No.

Q. I see these changes amount, in this one building, to 733 cubic yards of concrete.

## APPENDIX No. 1

Now Rhodes, Curry & Company's price is \$8 per cubic yard for similar work, according to the Auditor General's report?—A. Yes.

Q. And Wallberg is getting \$12.75, that is \$4.75 per cubic yard more than what similar work is being done for by the Rhodes Curry Company?—A. Not on the same building.

Q. But in the same grounds?—A. In the same grounds, within 300 or 400 feet.

Q. For the same class of work?—A. The same class of work, yes.

Q. I see that on different buildings under your charge the rates for concrete work run practically at about \$8.00 per cubic yard, is that about right?—A. Oh, from \$8.00 to \$12.00.

Q. The only ones I see here are \$8 for the Rhodes, Curry Company, and I see Wallberg has \$8.25 on the Pictou engine house?—A. Yes, oh they vary on different contracts.

Q. And I see that Wallberg has \$8.50 on the freight-car shops?—A. The freight-car repair shops.

Q. I see the Rhodes, Curry Company get \$7.25 on the Truro engine-house?—A. Yes.

Q. I also see that Joseph Gosselin got \$9.35 for concrete on bridges near Mitchell and St. Leonard Junction?—A. Yes.

Mr. MACLEAN (Lunenburg).—Surely the prices may vary according to the locality.

*By Mr. Reid (Grenville):*

Q. I am just asking Mr. MacKenzie whether Rhodes, Curry & Company's price was not for the same work on practically the same ground.

Mr. BARKER.—And in the same season.—A. This is 500 or 600 feet from the same spot.

*By Mr. Reid (Grenville):*

Q. And they were both going on at the same time?—A. I think the locomotive shop is still going on, it is not so near completion as this one.

Q. Did the Rhodes, Curry Company complain at all of their price?—A. I heard no complaint.

Q. They were satisfied with it?—A. Well, I did not hear any complaint.

Q. Do you think that \$12.75 per cubic yard is a fair price for concrete work?—A. Oh, concrete work often runs up to \$15, and even to \$21 for certain kinds of work.

Q. Per cubic yard?—A. Yes.

Q. I am speaking now of this particular locality?—A. As I said before I do not think Mr. Wallberg's price was an excessive price for this work.

Q. What do you think about the Rhodes Curry price?—A. It was a very low price.

Q. Do you think it is a fair price?—A. No, I think it is very low.

Q. What do you think about the price of Mr. Wallberg at \$8.50?—A. That is later. Contractors' prices always vary, they may be anywhere from \$6 to \$15 on concrete work, no two jobs are alike.

Q. But these two jobs were close together and the same class of work?—A. There is a good deal of difference in the details of these foundations. Some of them are a good deal more intricate than others on account of having steel columns, coming down on them, and openings for air conduits, so that there are no two of them alike.

Q. Mr. Wallberg has several other contracts under your supervision?—A. Yes.

Q. And he has extras on every one of them?—A. That may be, I do not know.

Q. Do you know?—A. No, I do not.

Q. He has several other contracts that you know there are extras on?—A. He has nothing except the bulk sum and whatever might come under the schedule, I do not call those extras at all.



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Q. In which you have made changes I mean?—A. In some of them there are few or no changes.

Q. But on many of them there are changes?—A. On some of them there are slight changes?—A. On some of them there are slight changes.

Q. And you have never notified the department of any one of them?—A. No, I have not.

*By Mr. Crocket:*

Q. Mr. MacKenzie, is Mr. Wallberg doing any other work than the sewerage and water systems construction, outside of these contracts at Moncton?—A. At Moncton?

Q. Yes?—A. I think not.

Q. Are you quite sure of that?—A. (After referring to memoranda). He has the contract for a car cleaners building in Moncton.

Q. A car cleaners building?—A. Yes.

Q. Were tenders called for that?—A. Yes.

Q. But is he doing any other work than the sewerage and water systems construction under any arrangement made with you?—A. No.

Q. Did I understand from you yesterday that you inspected this work?—A. Yes.

Q. I forgot to ask you this question before. The specifications called for doors and windows of first quality pine?—A. Yes.

Q. In all these buildings?—A. Yes.

Q. Were the doors and windows provided, according to the specifications, with first class quality pine free from knots, sap and so forth?—A. All the doors and windows which have been put in those buildings are according to the plans and specifications.

Q. Are they of first quality pine free from knot and sap?—A. Yes, all that are in the building.

Q. Are they of the same size as were called for by the specifications?—A. Precisely.

Q. You examined them yourself?—A. Yes.

Q. You know where these doors and windows were got by Mr. Wallberg, where they were made?—A. I don't know where they were all made, I know where some of them were made.

Q. Where were those made that you know of?—A. At Lee's factory.

Q. Do you know of any others that were made at any other place?—A. No. The Wood Working Company may have supplied some but I am not sure of that.

Q. Is that Joseph Burk's establishment?—A. Yes.

Q. Would you examine the windows before they went into the building?—A. Before and afterwards.

Q. At the factory?—A. No.

Q. On the ground?—A. On the ground.

Q. And you say they are according to specifications and of first quality?—A. Anything delivered on the ground or put into the work is according to plans and specifications.

*By Mr. Finlayson:*

Q. Is it usual for contractors to differ in the various items embodied in the contract; differ materially?—A. There are not two alike.

*Mr. Reid (Grenville):*

Q. Have you any idea how much has been spent on the sewerage system, that is, paid out by Mr. Wallberg since he commenced work?—A. No, I don't know that.

Q. You never made an estimate of what the total cost was?—A. No, I have not.

Q. Has Mr. Wallberg ever applied to you for progress estimates?—A. No, he has not.

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Q. He is carrying that work on without asking for any money from the government?—A. He has not asked for money on that.

Q. In that case did you ever tell the Minister of Railways and Canals that you had given this contract for the sewerage system without tenders?—A. I did not consider that it was a contract.

Q. I beg your pardon?—A. I did not consider that it was a contract.

Q. You did not consider it was a contract?—A. No.

Q. You never reported it to the minister?—A. No, I showed him the work on the ground.

Q. When the minister was in Moncton last fall did you show him any of these works that were going on?—A. I did.

Q. Did you tell him that you had given this work without a tender to Mr. Wallberg?—A. I told him that Mr. Wallberg was doing the work; I showed it to him.

Q. You told him that you had given the work to Mr. Wallberg?—A. I did not give him the details.

Q. Did you tell him that you had given the work to Mr. Wallberg?—A. I told him that Contractor Wallberg was doing the work.

Q. Did you tell him that you had given the work to Mr. Wallberg?—A. I did not give him details, there was no time for that.

Q. Or did he inquire for details?—A. No, he did not inquire.

Q. Did you tell him that was outside of the contract?—A. I did not consider it outside of the contract and did not tell him so.

Mr. CROCKET.—The witness said yesterday that the water system was absolutely outside of the contract.

*By Mr. Reid (Grenville):*

Q. Did you tell him that this work which Wallberg was doing was outside of the contract?—A. No, I did not give him the particulars.

*By Mr. Barker:*

You showed him the work?—A. I showed him the work. There was no time for much else, he was there only a short time.

*By Mr. Reid (Grenville):*

Q. Did he ask you whether there were any extras likely to occur in connection with the building?—A. No.

Q. He did not ask you that?—A. No.

Q. And you did not draw his attention to the fact?—A. I did not.

Q. You did not tell him that there were any extras?—A. No, I don't call those extras at all, but additions or deductions according to schedule.

Q. Has the minister or deputy minister been made aware of the fact that Mr. Wallberg has not been drawing any money on this work that you gave him, I mean the sewerage work?—A. I don't know.

Q. You don't know?—A. No.

Q. Well, did the minister or the deputy minister know that this work was going on?—A. I don't know that but I pointed it out to them on the ground when they were there.

What month would that be?—A. I cannot tell you the month but the work was pretty well advanced when they saw it.

Q. About what time of the year would that be?—A. Last fall.

Q. So that both the minister and Mr. Butler knew last fall that this work was under way?—A. They saw it on the ground.

Q. And they never asked you, either of them, why Mr. Wallberg has not put in any account?—A. They did not know anything about these details.

Q. Do you mean to say that Mr. Butler did not know anything about no money

being drawn by Mr. Walberg?—A. How could Mr. Butler know anything about what was drawn or what was not drawn.

*By Mr. Crocket:*

Q. Who checks the time of these men working on that sewerage and water system for the department?—A. I explained that yesterday—

Q. You had inspectors there?—A. Two assistant engineers and two inspectors.

Q. They checked the time? Did they turn the statements over to you?—A. Yes.

Q. And you have got them?—A. Certainly I have got them.

Q. But you cannot tell us how much?—A. I have not got them with me.

*By Mr. Barker:*

Q. You were sending in progress estimates from time to time, in connection with this contract of Mr. Wallberg's, to the Railway Department?—A. Yes.

Q. Did the department know that these progress estimates did not include all the work that was being done there by Mr. Wallberg?—A. I don't know what their knowledge was. I don't think—

Q. Did you use any means of informing the department, or in any way conveying the information to them, that there was work other than what you were certifying to, which formed a liability against the Government?—A. I don't know.

Q. In this concrete work, ordered by you without communication at that time or since to the department, there are 733 cubic yards at \$12.75, well up to \$10,000. Did you lead Mr. Butler, or the department, to understand, or inform them in any way, that that work was going on as an addition?—A. I think I drew Mr. Butler's attention to the fact that these foundations were going down lower than shown on the plan, when he was on the ground.

Q. You think you did?—A. When he was on the ground, but of that I am not absolutely certain.

Q. But you think you did?—A. Mr. Butler's visits were, of course, short, and there were a great many things to talk about.

Q. He had not his plans with him I suppose? I mean departmental plans?—A. Well, no.

Q. He did not have the documents there to check whether this was within the original contract or not. You were simply showing him the work in progress, is that it?—A. If I mentioned the matter at all to him, I explained precisely—

Q. If you did?—A. If I did, but I am not absolutely certain about it. My impression is that I did.

Q. If you did not mention it at all, you did not explain it either precisely or otherwise?—A. True.

Q. We cannot get much further than that, I suppose, with you. We will have to hear what Mr. Butler says. Now there is about \$12,000 of concrete, and yesterday you were unable to say whether the sewerage work would cost more or less than \$20,000. So that all that \$20,000 and the \$10,000, or whatever it may be, of work, has been going on all this time in that building which is practically complete, without the government having any knowledge that there is anything to be paid for it?—A. I do not know what knowledge the government has, but it has been going on.

Q. You knew there was a contract here in the head office at Ottawa with the plans and everything attached?—A. I had copies there.

Q. Was not the original contract in the department here?—A. Yes.

Q. And the plans?—A. Yes.

Q. And copies, or duplicates, were with you?—A. Yes.

Q. Is there anything, as far as you know, either from communication by you or otherwise, to show the department here at Ottawa, that any change had been made by you in these plans?—A. I did not change the plans. I do not think that there are any papers to show that I widened the walls or put the foundations down deeper.

Q. Or that you were doing this sewerage work?—A. No.



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Q. That is going on, on your sole responsibility without even reporting to the government or without drawing the attention of the Deputy or the Minister?

*By Mr. Maclean (Lunenburg):*

Q. Does concrete cost the same in all places?—A. No.

Q. What is responsible for the variation in its cost?—A. The difference in the design of the foundation of which the concrete is a part.

*By Mr. Reid (Grenville):*

Q. Are there any other places on the I.C.R. where you are paying \$12.75 for that same class of work?—A. I am not certain about that, there are a good many contracts on the Intercolonial now.

Q. I would like to ask you, when you made that arrangement with Mr. Wallberg that he was to get 15 per cent commission on the amount paid to the men, why you did not have him put in the pay lists every month and let the government pay these men, and then let Mr. Wallberg put in his account for 15 per cent?—A. That would not do at all.

Q. That would not do at all, why?—A. Because it is not the custom to do it that way and there would be several objections to doing it in that way.

Q. Tell us what the objections are?—A. One of the great objections would be that the men would understand they were working for the government.

Q. And because they were working for the government that would be an objection?—A. Well, Mr. Wallberg would not have very much control over them.

Mr. BARKER.—Couldn't he dismiss them.

*By Mr. Reid (Grenville):*

Q. That is one reason?—A. Not when men are very scarce and hard to get as was the case when this work was being done.

Q. That is one objection, you say there are several. What are the others?—A. Oh, I think there are a half dozen others.

Q. But you can only name one now?—A. That would be the principal one.

*By Mr. Crocket:*

Q. Would they, as a matter of fact, be working for the government?—A. And then there would be the mixing up of two classes of work. Part of that work is under the schedule. And the other part, that is the small part, is the day labour. It would be a mix up not only to the employers and to the men but of the work itself in that way and I do not see how it would have been done in that way.

*By Mr. Reid (Grenville):*

Q. You do not think it could have been done?—A. I do not think it would have been practicable or sensible.

Q. Not for Mr. Wallberg to hand in a statement of the amount due the men and for the government to pay them regularly instead of Mr. Wallberg?—A. That would not be practicable.

*By Mr. Crocket:*

Q. In that connection did you consider that feature when you were deciding as to whether you would call tenders or not?—A. I did not consider anything that would be as absurd as that.

Q. You told us yesterday that you did consider the question as to whether you would call for tenders, that you consulted nobody, but in the end you decided it would be better not to call for tenders. Were not all these reasons that you gave this morning reasons which entered into the consideration of that?—A. Yes.

Q. Which one?—A. Some of them, there are other reasons as well as those I have given, I suppose, I cannot remember just now, but when a man makes up his mind

it is pretty hard a year or so afterwards for him to recall just what thoughts passed through his mind, and what reason prevailed with him in arriving at a conclusion. It is a pretty difficult matter.

Q. I understood you, in answer to Mr. Reid, to state that the principal reason why Mr. Wallberg's men were not being paid by monthly instalments was that they would know they were working for the government and that that would be disadvantageous, is that right?—A. That is one reason, yes.

Q. If the contract had been awarded that would have been got over entirely, would it not?—A. I explained to you—

Q. If tenders had been called for and the contract awarded for the work that disadvantage would have been entirely overcome, wouldn't it?

Mr. MACLEAN (Lunenburg)—He says that this was under contract.

A. I explained to you yesterday that the letting of a contract—

*By Mr. Crocket:*

Q. I want you to answer that question. If tenders had been called for and a contract awarded would not that difficulty that you speak of have been entirely overcome?—A. There were a great many reasons why that was impracticable.

Q. Just answer that question?—A. I do not propose to answer just as you wish me to answer. I have the right to answer in my own language.

Q. Are you unable to answer that?—A. I am not unable to do it, certainly not.

Q. But you will not do it?—A. I wish to answer in my own words, and I have the right to do that. I explained yesterday why I considered it impracticable and almost impossible to let any part of that work by contract, as a part of it, the greater part of it, was already included in the schedule, and to work two contractors on one job was simply impracticable.

Q. Did you say yesterday it would have been impracticable to let that work out by contract?—A. I did.

Q. Didn't you say the opposite, that it might have been done, and that if tenders had been called for you could have got tenders from contractors in Moncton?—A. That is true, all true.

*By Mr. Macdonald (Pictou)*

Q. And you also said what you state now?—A. I have stated it clearly.

*By Mr. McLean (Queen's, P.E.I.):*

Q. I want to ask you a question now with reference to the Charlottetown station.

*By Mr. Finlayson:*

Q. This Wallberg tender was the lowest tender was it not?—A. Certainly, it was.

*By Mr. Reid (Grenville):*

Q. In view of the quantities for schedule work has it not turned out to be the lowest tender?—A. It is impossible for anybody to tell that at the present day. Before you leave this subject I wish to say that yesterday I said in answer to Mr. Barker that the evidence was sent to me when I was asked to come here. I should have said that the evidence was handed to me, upon request, when I arrived here.

*By Mr. Crocket:*

Q. Did you not say to Mr. Macdonald that you had read the evidence before you came up?—A. I think it appears in the early part of my testimony that the evidence was sent to me. The fact of the matter is that I asked for the evidence when I got here yesterday morning, and it was handed to me by Mr. Butler.

*By Mr. Reid (Grenville):*

Q. That was the first time you saw the evidence?—A. Certainly, it was.

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The committee proceeded to the consideration of a payment of \$30,483.74 to Mr. Wallberg in connection with construction of station and baggage room, Charlottetown, as set out as page W—27 of the Auditor General's Report for 1906-7.

Mr. W. B. MacKENZIE, called and examined.

*By Mr. McLean (Queen's, P.E.I.):*

Q. Did you make a contract with Mr. Wallberg for the construction of a station at Charlottetown for the lump sum of \$58,900?—A. My recollection is that that was about the sum of the contract.

Q. This is a copy of the contract, Mr. MacKenzie (handing witness contract)?  
A. Yes.

Q. I see an account on the file from Mr. Wallberg for this station amounting to \$66,784.98. That is nearly \$8,000 more than the contract price?—A. Yes.

Q. Will you explain that?—A. Under the schedule here there are 400 cubic yards common excavation, refilling and grading, at 18 cents per cubic yard, \$72.

Q. But the contract provides for that?—A. What part of it?

Q. The specifications for excavating?—A. It does not provide for anything that is under schedule.

Q. Mr. Wallberg tendered for a bulk sum?—A. A bulk sum as per plan.

Q. Does that not include excavating?—A. Yes.

Q. Where are you going to draw the line, that is what I want to know?—A. You draw the line where it is shown on the plans exhibited when tenders are called for.

Q. I see?—A. The bulk sum \$58,900 is for a building as shown on plan exhibited, and when that plan was exhibited I may say that it was not known where the building was going and the walls were shown a certain distance down below what might be called grade base of rail. It sometimes happens that that is the case—that when a building is designed the site is not finally decided upon, and it was so in this case.

Q. Well then how do you account for the 400 cubic yards of excavation?—A. The excavation was under the walls where they were put down lower than shown on the plan, mostly in the basement of the building.

Q. That is simply clay, is it not?—A. Clay, yes.

Q. And that cost \$4,651.98?—A. There is more than clay in that, I think. There is excavation and concrete and steel amounting to \$3,158.

*By Mr. Crockett:*

Q. What is the price of concrete per cubic yard?—A. \$6.50.

*By Mr. McLean (Queen's, P.E.I.):*

Q. Is that the same kind of concrete that was put into the work at Moncton?—A. No, this is mass concrete.

Q. What they call 1-3-5 is it?—A. It is 1-3-5.

Q. What do you use at Moncton?—A. There is steel reinforcement in what is at Moncton and it is of different design entirely.

Q. Different design?—A. Different design. It is peculiar to steel buildings where the posts go down on the sides.

Q. Could you not in some way have included this work in the lump sum?—A. It was impossible.

Q. Impossible?—A. Quite.

Q. I find a letter here on file signed by Mr. Wallberg reading as follows (reads):

L. K. JONES, Esq.,  
Secretary, Railways and Canals,  
Ottawa, Ont.

Montreal, February 19, '06.

DEAR SIR,—

In connection with your favour of the 1st inst., I spoke to Mr. Butler about the omission of the basement and other reductions in this work which will bring down



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total amount of same, so that he concluded that my deposits of \$5,000 would cover and that the further sum which you request of \$890 would not be required.

Kindly arrange accordingly and oblige,

Yours truly,

(Sgd.) E. A. WALLBERG,

Now if this contract was for \$58,900, and such was the case; the deposit must be 10 per cent of that sum?—A. Yes.

Q. Mr. Wallberg in this letter was contending that the contract was reduced with respect to the omission of a basement. How do you account for that?—A. I can explain it in a general way, but Mr. Wallberg is here himself and he can explain it better than I can because it is his own letter.

Q. You know something about it and I would like you to explain?—A. I will explain?—A. I will explain it as far as I know.

Q. The basement was omitted was it not?—A. On the original plans a basement was shown under the whole building.

Q. Yes?—A. Afterwards it was decided to put a basement under part of the building.

Q. Yes?—A. Enough to contain the furnace and coal and some other things, and that another certain part of the building would have no basement but simply the walls—

*By Mr. Crocket:*

Q. Who made that change, yourself or was it done here in Ottawa?—A. I think perhaps it was suggested by myself for the reason that after the building was located it was found that the doors of the cellar would be five feet below high water tide.

*By Mr. McLean (Queen's, P.E.I.):*

Q. Was it not a fact, Mr. MacKenzie, that this reduction in the work would amount to something like \$9,000?—A. No, that was rather a small reduction really.

Q. About \$9,000, was it not?—A. And it was only supposed—

Q. I want you to answer that question?—A. No, it could not have been that much.

Q. How much would it be then?—A. I don't know.

Q. But you ought to know something about it?—A. I don't know how much that would be.

Q. You were the engineer, you were the man that authorized it?—A. I was going on to explain—

Q. But I want you to answer my question first?—A. I cannot answer that, I don't know.

Q. You cannot answer how much the reduction would amount to?—A. I did not make an estimate.

Q. Mr. Wallberg considered it was worth \$8,900?—A. That is his own letter, it is not mine.

Q. Well you are the man that ought to know and you ought to know better than Mr. Wallberg?—A. I can give any information I think, that is wanted on the building.

Q. Well you omitted part of the basement, what was the amount of that reduction?—A. I do not know, I do not know.

Q. It was worth something, wasn't it?—A. There were several things added on.

Q. I know that he is paid for them. I want you to state what the amount of the reduction is?—A. When the building was finished that matter of the difference between the original plans and the final plans was carefully gone into.

Q. Yes, and you gave him \$8,000 more than the contract for that?—A. That may be.

Q. That may be?—A. It may be.

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Q. And still there was a reduction of something like \$5,000 or \$6,000, according to Mr. Wallberg's own idea of it?—A. And after the work—

Q. And still you do not know, although you are the chief engineer, how much the alteration was worth?—A. I have the information and can answer any point in connection with the building. I was going to explain that after it was finished, I had my resident assistant on the ground—

Q. Who is he?—A. Mr. Lawrence. He took the original plans and from them very carefully figured out the number of cubic yards in the original foundation. As he was on the ground all the time during the construction of the building he kept an exact record of the actual work done in these foundations, and the difference was ascertained on the completion of the building, and Mr. Wallberg was paid for what was actually put in and no more. This is a progress estimate you have given me, it is not the final estimate.

Q. Did the building cost anything more than the \$66,750?—A. Well, he has done work for anything he has had.

Q. I know, well don't you see he has got that \$8,000 more than the contract price?—A. As I said, on the completion of the buildings, deductions were made for everything that could be deducted fairly, and what additional there was, was added. Even the mouldings around the ceilings, and small matters of that kind were deducted.

Q. Were deducted?—A. Were deducted.

Q. And still he has got this extra amount?—A. He has got whatever is shown here in addition to the \$58,900.

Q. Did you give any written instructions to change the contract?—A. No.

Q. You did not?—A. No.

Q. Well, then, doesn't the specification there provide for it, that you must give him written instructions?—A. No.

Q. Just let me look at that contract. (reads)

'Alterations, deductions, omissions, modifications, or deviations, are to be understood as applying to decided variations in the plans or designs, such as the substitution of one class of material for another, the addition of works neither shown or specified, &c., and for these or similar matters alone, will any sum be allowed to the contractor, or deducted from the contract, and then only upon the written orders of the chief engineer?'—A. Yes.

Q. Did you give written instructions?—A. In some cases written instructions and in some cases verbal. I can produce any written orders I gave, in fact they would appear on the file.

Q. Did you give written orders with reference to the omission of the basement in the building?—A. I am not certain.

Q. I am instructed by one man who tendered, that the difference to Mr. Wallberg by reason of that omission would be around \$12,500. Is that true or false?—A. It is probably untrue.

Q. It is untrue?—A. Yes.

Q. You do not know whether it is true or not?—A. He certainly did not make \$12,500.

Q. By reason of that one omission of the basement?—A. No.

Q. How much would he make?—A. I do not know, but I can find out, I have the information.

Q. I am not going to keep you. I see a memorandum here by Mr. Jones, that (handing file to witness) is the list of tenders, and there is an asterisk here and the words, 'This tender was received two days after the date for the opening.' Do you know which one of these tenders that applies to?—A. No, the typewriter has not copied that properly.

Q. Well, it is evident, isn't it, that one of the tenders was received two days after the time expired?—A. It looks like that here.

Q. And it was opened?—A. (reads) 'This tender was received two days after the

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date for opening,' but there is no reference mark on the tender itself to show which tender that was. Of course that can be ascertained by referring to the original.

*By Mr. Crocket:*

Q. Are the names of the tenderers given there? Why isn't it given?—A. Because the asterisk does not show which one of these tenders that note applies to.

*By Mr. Maclean (Lunenburg):*

Q. In the copy you have in your hand it does not show which one of the tenders the note applies to?—A. No.

Q. But it applies to one of them evidently?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Have you signed the final estimates for that building?—A. I have.

Q. What was the total amount of the final estimate for which you signed?—A. I do not remember just now.

Q. You must have some memory about that?—A. I can refer to the estimate itself and ascertain.

Q. You have an idea, you know what that building cost; you surely must remember some of these things. You signed the final estimate, and surely you must have some memory about it. Give us within \$10,000, if you can't do any better than that. Now, Mr. Mackenzie, I want to know what the total amount of that final estimate was, or as near as you can give it?—A. It is impossible for me to carry these things in my mind. I certify to a dozen estimates in a day and I cannot carry the amounts in my mind.

Q. What is the total of that progress estimate you have certified to there?—A. This is \$66,784.98.

Q. Was there any more than one more progress estimate signed after that?—A. I do not know.

Q. You do not know?—A. No, I do not know.

Q. You do not know whether there was any other than the final estimate after that or not? What is the date of that progress estimate?—A. 30th March, 1907.

Q. How long did the work continue after that date?—A. Oh, there were a few small things that required to be finished up and it was a considerable time before the final estimate was given.

Q. Were these progress estimates put in at the end of every month?—A. Usually they were, but not necessarily.

Q. In this case were the progress estimates put in every month?—A. I think in a general way they were.

Q. In what month was the final estimate signed?—A. My recollection is that the final estimate was signed not very long ago. I think Mr. Wallberg can tell you that.

Q. Was it in 1908, this year?—A. I think it was in 1908, yes.

Q. Do you know what month?—A. No.

Q. Was the work in progress until the final estimate was signed?—A. Oh, the building was occupied for a long time but there were some small matters that required to be finished up and that hung on for some little time.

Q. Mr. Wallberg, I understand, says the whole cost about \$70,000 and that was after the work was reduced by the amount that he estimated, \$8,900?—A. No, that \$8,900 had nothing to do with the estimates or final payment in any way.

*By Mr. Barker:*

Q. But it had something to do with the work?—A. And it had nothing to do with the work.

*By Mr. Reid (Grenville):*

Q. The building cost \$70,000 all told?—A. That is about right and it is worth the money.



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Q. Notwithstanding the fact that this allowance had been made for the cellar that was not completed?—A. Not the allowance you heard about in that letter.

Q. I mean the work proposed to be done was not done for the cellar, was it?—A. Some work shown on the original plans was not done and other work not shown on the original plans was done.

Q. You heard Mr. Wallberg's letter read in which he estimated the amount of reduction as \$8,900?—A. Yes.

Q. The work was not done as specified in Mr. Wallberg's letter, was it?—A. I cannot say much about that letter. I do not know what Mr. Wallberg had in his mind when he wrote that letter.

*By Mr. Maclean (Lunenburg):*

Q. Supposing he had in mind the lessening of his deposits?—A. That was the principal point he had in mind, yes.

*By Mr. Reid (Grenville):*

Q. There was certain work mentioned in his letter that was not done, is that right?—A. Part of the work which he referred to there was not done.

Q. And that was part of the original contract?—A. Yes.

Q. Now then the building cost \$70,000 notwithstanding that that work was not done, is that right?—A. Not that work. I don't know what that work covered or how he arrived at the amount. It was some rough guess probably.

Q. I will put it a little plainer. The building cost \$70,000 notwithstanding the fact that certain work specified in the original contract was not done by Mr. Wallberg?—A. And that other work not specified was done.

Q. Answer the first part of the question first?—A. No, I don't wish to answer without any qualification.

Q. We will put it right?—A. I have explained that after the work was finished we went into it very carefully and that the quantities shown on the original plan was figured out to a yard, and the work actually done was figured out, and Mr. Wallberg was only paid for the actual work that was done and not upon the original plan of the foundation. That foundation was in a peculiar situation. As I say the tide rose 5 feet above the floor.

Q. Well, Mr. MacKenzie, the original contract specified a bulk sum for the building?—A. Yes.

Q. How did you come to figure out what you would allow?—A. The only difference was in the foundation below base course. Everything above that was unchanged.

*By Mr. Barker:*

Q. What was the change made in the basement that you say was an addition, how much did that come to?—A. It was waterproofing the basement to prevent the flow of the tide.

Q. I am not asking you that but how much that came to, in your calculation?—A. It does not show there.

Q. Don't you know?—A. I have not the final figures here.

Q. Cannot you tell us within a thousand dollars?—A. No, I cannot. It was more than a thousand dollars though.

Q. Was it two thousand?—A. Yes. It was more than two thousand.

Q. Was it more than five?—A. No, I don't think it was.

Q. I do not want to go on like this. If you tell me what you think it was as nearly as you can I will be content. What do you think it was according to the best of your recollection?—A. Perhaps three or four thousand dollars.

*By Mr. Maclean (Lunenburg):*

Q. This contract was for \$58,000 as I understand it, plus the schedule? Is that right?—A. Well plus additions and minus deductions.

Q. I want you to be positive about that. The contract was not a fixed quantity was it?—A. It was fixed for the work shown on the plans.

Q. It was not fixed for the work shown on the plans but there was a contingency of other work which was provided for?—A. Certainly.

Q. That was provided for?—A. Certainly.

Q. So, therefore, it is not fair to say that this contract was for \$58,000? It was not specifically provided for?—A. On the schedule it was.

Q. You say that some work was done which does not appear in the specifications and some work appearing in the specifications was not performed?—A. That is right.

Q. Well as far as the cellar is concerned, the excavation done by the contractor was not confined to the specifications in the end?—A. There was more than that.

Q. The foundation had to go deeper than the specification showed, did it not?—A. Yes.

Q. The foundation had to be strengthened?—A. Yes.

Q. And widened?—A. Yes.

Q. The cellar was concreted, was it not?—A. It was.

Q. That was not provided for in the specifications was it?—A. No.

Q. You had to take a drain from the building to the harbour, had you not?—A. Yes.

Q. That was not in the specifications?—A. No.

Q. That was a costly addition, I suppose?—A. It was.

Q. Then you built a concrete platform around the station did you not?—A. Yes.

Q. That was not in the specification?—A. No.

Q. That cost a large sum, did it not?—A. Yes.

Q. And that would explain all the excesses above \$58,000?—A. Certainly.

Q. Was the work well done?—A. Excellently done.

Q. You are satisfied with Mr. Wallberg's work?—A. Yes, quite.

Q. You think the price was fair?—A. I think it was a low price.

Q. In your judgment is it open to any criticism whatever?—A. None.

*By Mr. Barker:*

Q. What was the area of this cellar at first?—A. It was the area of the whole building.

Q. What is it now?—A. It is the whole building plus another division which is specially waterproofed against the sea.

Q. Then you made no reduction whatever in the cellar?—A. My recollection is that it did not result in any deduction.

Q. At first you had the cellar under the whole building?—A. Yes.

Q. Now you have been telling us there was a change in that?—A. There has been a change.

Q. Do you mean to say that the whole building has a cellar under it now?—A. Yes.

*By Mr. Crocket:*

Q. Did you order all these changes that Mr. Maclean has indicated?—A. Yes.

Q. These additions?—A. They are not all changes, the greater part are additions.

Q. Additions to the contract?—A. Yes.

Q. You did that on your own responsibility?—A. Yes.

Q. Without consultation with the department?—A. Yes.

Q. Was the department notified afterwards of the additions which were ordered by you?—A. I don't think so.

Q. And the effect of these changes was to increase Mr. Wallberg's contract from \$58,000 to \$70,000?—A. They are not changes, they are additions, most of them.

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Q. Well additions if you like?—A. The department—

Q. The effect of these changes you ordered in this Wallberg contract was to increase its value from \$58,000 to over \$70,000?—A. Yes.

Q. And you did that without consultation with the deputy minister or any other officers of the department?—A. I think it was understood with the department that the building of the platform, which was the most expensive item in it, was necessary and desirable to have done. But without looking at the files I would not like to say anything further than that about the platform.

Q. That is as to whether that was so or not, as to whether there were instructions from the department or not?—A. Whether or not the department knew that the platform was being built under the schedule.

Q. At any rate you ordered all these?—A. I did.

Q. Without any instructions from the department?—A. I wouldn't say that.

Q. You did say that?—A. I said I wasn't certain without looking at the files whether the department actually ordered the construction of the platform. I knew it was requested to be done by the manager of the P.E.I. railway and he was very positive about it that he wanted a good platform. In fact he wants another now and he wanted a few things that he didn't get.

Q. Mr. Maclean stated that he was instructed that Mr. Wallberg had made \$12,500 out of one of these changes, that is in regard to the cellar, and you did not know whether that was true or not?—A. I said it was untrue.

Q. What sum would Mr. Wallberg, in your judgment, make out of that change that you ordered in regard to the cellar?—A. I think he would make very little out of it.

Q. That is pretty indefinite for the engineer who ordered the change?—A. Because his schedule prices were low.

Q. I am asking you as the engineer who ordered the change and who certified to the work, how much in your judgment, would that change advantage Mr. Wallberg?

Mr. BARKER.—We do not want to know the net profit, but we want to know how much it cost to put the work in.

*By Mr. Crocket:*

Q. How much was it? Can't you say?—A. No, I cannot say. I say his prices were low and I do not think he made anything.

*By Mr. Barker:*

Q. Now, Mr. MacKenzie, I have just one more question to ask you. How many of these verbal arrangements have you, without tender, without contract, with Mr. Wallberg?—A. I do not know.

Q. Well, are there fifty? We will have to begin that again, I suppose, tell us about how many of such arrangements you have going on?—A. That is impossible for me to say.

Q. Are there thirty?—A. We have thirteen contracts with Mr. Wallberg at the present moment.

Q. Amounting to how much?—A. I do not know.

Q. A couple of millions?—A. No.

Q. A million and a half?—A. I think not.

Q. Well now, tell me as nearly as you can how many of these outside arrangements have you got with him?—A. I have no outside arrangements that I know of with him.

Q. Arrangements of this class that we have been speaking of all the morning, where you have ordered work to be done and where there is no written contract or any tender?—A. None of these are of any consequence.

Q. I do not care whether they are of any consequence or not, how many of them have you, outside contracts?—A. I could not tell you.



*By Mr. Finlayson:*

Q. All these arrangements with Mr. Wallberg are covered by the contracts are they not?—A. These instructions that I have given Mr. Wallberg about carrying out the details of these contracts it would be quite impossible for me to give the number of them. They are all small and such as will enter into the detail of the construction of any building by any person.

*By Mr. Maclean (Lunenbourg):*

Q. What is this schedule of rates put in the contract for?—A. It is to provide for any slight changes in design, or slight additions or deductions which it is necessary to make in order to produce a proper building.

*By Mr. Finlayson:*

Q. That is to provide for the very things that happened in all these contracts?—A. Surely.

*By Mr. Reid (Grenville):*

Q. Is Mr. Wallberg doing any work at Charlottetown without contract?—A. No.

Q. Doing none there at all?—A. None, certainly not.

Q. What I mean is, have you given him any work there similar to the sewerage?—A. No.

Mr. McLEAN (Queen's, P.E.I.)—Moving buildings?

*By Mr. Reid (Grenville):*

Q. Have you not given him such work as moving buildings?—A. No.

Q. Nothing of that kind, no extra work?—A. He did move a building for us at Charlottetown last fall.

Q. Was that a contract or was it done by day work?—A. It was in connection with his contract for the brick freight house.

Q. How was he paid for that?—A. He was paid—I do not remember how he was paid for that, but I think the actual day labour.

Q. By day labour, and so much percentage, the same as on the sewerage?—A. If it was day labour it was so much percentage.

*By Mr. Maclean (Lunenbourg):*

Q. How much did it cost to move the building? How many cents?—A. I do not know, it was a very small matter.

*By Mr. Reid (Grenville):*

Q. You paid Mr. Wallberg 15 per cent commission on the amount of that work?—A. Any work which I got him to do by day labour there is 15 per cent, or there will be 15 per cent paid on it.

Q. And he is doing some of that at Charlottetown?—A. No, none at present.

*By Mr. Maclean (Lunenbourg):*

Q. How much did it cost to move that building?—A. Oh, it was very small.

Q. \$30 or \$40, wasn't it?—A. It was a very small matter.

*By Mr. Reid (Grenville):*

Q. Have you paid him \$30 or \$40 for extras at Charlottetown?—A. I do not know.

*By Mr. Maclean (Lunenbourg):*

Q. The contract provides for the payment for extra work by the day, when it doesn't come within the contract, does it not?—A. Yes.

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*By Mr. Crocket:*

Q. I do not think any contract provides for work not provided for being done by the day at a rate per day, does it?—A. Yes, it does.

Q. I do not think so?—A. It does.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

## COMMITTEE ROOM No. 32.

OTTAWA, TUESDAY, June 2, 1908.

The Committee met at eleven o'clock a.m., Mr. Duncan Finlayson presiding, and proceeded to the further consideration of a payment of \$63,376.05, and sundry other payments to Mr. E. A. Wallberg.

Mr. M. J. BUTLER, recalled.

*By Mr. Crocket:*

Q. You are the Deputy Minister of Railways, Mr. Butler?—A. Yes.

Q. And you are also chief engineer of the Railways and Canals Department?—A. Yes.

Q. Did you hear Mr. Wallberg give evidence before this committee in reference to the contract at Moncton?—A. I do not think so.

Q. On March 11?—A. I could not tell you.

Q. In reference to the contract for the stores and office building at Moncton?—A. I do not think I was present.

Q. My impression is that you were here; yes, you must have been here because I find here in the printed evidence that you made a statement?—A. I could not tell you.

Q. Have you read the evidence that Mr. Wallberg gave?—A. I have glanced over it at any rate.

Q. With reference to the contract for the passenger-car shops, paint shops and store and office buildings?—A. I have glanced over it.

Q. And also with reference to the Pictou engine-house?—A. Yes.

Q. Did you hear the evidence Mr. MacKenzie gave?—A. I was not present on that occasion.

Q. Have you read that evidence?—A. I have glanced over it.

Q. Who prepared the plans and specifications for the passenger car shops?—A. They were prepared in my office by the designing engineer, Mr. Bowden.

Q. Those are the plans on the table (indicating plans produced by Mr. Butler)?—A. Yes.

Q. These are all of them?—A. Yes.

Q. And these are the plans upon which the tenders were based?—A. Yes.

Q. And the specifications you have also produced?—A. The specifications are here on the file in my hand, the specifications and the contract signed by the contractor.

Q. These are the plans and specifications just as they were at the time the tenders were called for and opened, and upon these, tenders were based?—A. Yes.

Q. Now, Mr. MacKenzie in his evidence, stated that he, after the letting of the contract to Mr. Wallberg, directed that the foundation walls should be deepened and also widened; what authority had he for doing that?—A. Well, I will tell you under what authority he does that.

Q. That is what I would like to know.—A. The specifications provide 'the excavations for walls and columns shall in all cases be carried down to a minimum depth of 4 feet 3 inches below the proposed level of graded ground surface, and to a firm stratum.' And then a little farther down it also provides, 'Before any concrete is deposited the underlying stratum must be inspected and approved by the engineer, that covers it.

Q. I notice that in the specification; do you say that the words which you have read gave to Mr. MacKenzie authority to alter the plans and specifications to that extent?—A. He doesn't alter them. I will just have to explain a little technical matter for a moment in order to enlighten you. When the works were decided to be built on that site a certain number of borings, test pits were dug, showing the character of the foundation. It was reported from these test pits that the formation was a gravelly clay, which is perfectly safe for three tons per square foot, area of pressure. That was all the information that the designing engineer could have at that time and the minimum depth to put it below the frost line which must be 4 feet 3 inches in order to prevent the frost getting into the foundation was specified. Now as soon as the actual trench upon which the foundation itself was to rest was opened up Mr. MacKenzie, in the exercise of his judgment as the chief engineer, came to the conclusion that certain portions which he saw there were not as hard and solid as he had led us to believe, and for that reason he carried it down to a firmer stratum, that is the reason for the alteration.

Q. These specifications were prepared upon the report which you received from Moncton as to the nature of the ground?—A. Yes.

Q. And on that 4 feet 3 inches of depth would be sufficient?—A. For frost protection?

Q. For frost protection; who furnished that information?—A. Mr. MacKenzie.

Q. Now that was ascertained by sinking these test pits?—A. You will understand, Mr. Crocket, it is not possible to tell what the nature of a particular foundation will be until the very foundation itself is dug. These test pits are an indication of the bearing power of the soil at the particular points at which they are sunk. When you come to open up the whole trench it will sometimes be found, as he seems to have found in this case, that it has to be extended, because it is of a different character in some places to what he had found it in these test pits.

Q. These specifications then were prepared, and the depth of 4 feet 3 inches was fixed upon the strength of Mr. MacKenzie's report?—A. Yes.

Q. As to the character of the soil?—A. Yes.

Q. He ascertained it by sinking the test pits?—A. I do not know really that it was a written report that he sent in; it was marked on the plan that accompanied the land plan that the formation was a gravelly clay; that was the report.

*By Mr. Macdonald:*

Q. As ascertained by the test pits?—A. As ascertained by the test pits, and I knew from previous experience that three tons per square foot was a safe load for that class of soil; those are the instructions I gave at any rate.

*By Mr. Crocket:*

Q. Then the designer thought 4 feet 3 inches would be a sufficient depth?—A. 4 feet 3 inches is the minimum depth for protection from the frost in this character of foundation.

Q. Isn't it true that ordinarily the sinking of test pits is carried down to the depth to which the foundation should be carried?—A. That is the reason the test pits were dug. It will indicate in a general way the average depth required.

Q. And in the sinking of the test pits Mr. MacKenzie was of the opinion that 4 feet 3 would be of sufficient depth?—A. Mr. MacKenzie was not of that opinion.

Q. But upon the test that he reported the department was? The department, acting upon that information, fixed this depth for the walls?—A. That is right.



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Q. Notwithstanding that, before Mr. Wallberg laid any concrete Mr. MacKenzie directed that the walls should be carried to the depth of 2 feet in excess of the requirements of the specification?—A. You are a little wrong there. What he did is this, when he dug out for the wall—I am just giving this; I do not know from personal observation, but I can easily understand how it came about—when he reached the depth these plans called for he was not satisfied with the character of the foundation he found there, and he was compelled, therefore, to go deeper.

Q. And that applies to the foundation for the whole building?—A. I cannot tell that. I have never seen the figures for it.

Q. Did not Mr. MacKenzie say that in his evidence?—A. No, I do not think so. His answer was this, that in making the computation from the quantity shown on the plans, that this quantity was in excess of the amount shown on the plans; that was his answer.

Q. Well, I will see about that?—A. That is his answer; you needn't look it up, because I know that is the case.

Q. My recollection is that he told the committee that he directed the foundations to be carried down two feet in excess of the specification?—A. That may be; the contract was based on a minimum depth of 4 feet 3 inches.

Q. Mr. MacKenzie said, when giving evidence before the committee, in answer to the question (reads):—

'What was the extent of the alterations you made?—A. I spread the foundations a little to reduce the pressure on the foundation bed in some cases, and put the foundations down further into the ground, which accounts for these additional that you have just spoken of.

'Q. And you are responsible for that?—A. Quite so.

'Q. And that is what has given Mr. Wallberg these extra payments?—A. Precisely.

'Q. At these rates?—A. Yes.

'Q. Did you do that after consultation with the engineer's department at Ottawa?—A. No.'

A. It is not necessary for him to consult us, because as chief engineer he is entrusted with the responsibility of seeing that it has a satisfactory foundation.

Q. He says in his evidence here that he not only spread the foundations but that he carried them down deeper?—A. (Illustrating on plan.) There is a spread of this wall here. For instance, we will assume for a moment that this building—Mr. MacKenzie is accustomed to this class of work, and knows the importance of securing a proper working weight on gravelly clays, and in his position as chief engineer he exercised his judgment on the material he actually saw there, and he exercised a wise prudence in the action he took.

Q. You say he exercised a wise prudence in widening and extending these foundations?—A. I would assume that.

Q. He did that without your authority. Did he communicate with you specifically in regard to that matter?—A. I do not remember hearing of it until I heard it here. He never communicated with me directly or indirectly. The first I heard of it was when the evidence was given here.

Q. That was the first you knew of it, as deputy minister of the department, and as the chief engineer who has supervision of these contracts?—A. Do you think I am an inspecting engineer, Mr. Crocket?

Q. No, you are the chief engineer?—A. I am.

Q. And the deputy minister who has supervision of contracts in that department?—A. No, my idea is, if you will allow me to interrupt you for a moment, that if Mr. MacKenzie had accepted an inferior foundation and had adhered strictly to the plans, and had exercised no discretion in this important matter then it would be my duty, as having a supervision of the contracts, to condemn him for doing so. He is there to carry out this work, as all engineers in the department are, in a substantial manner.

Q. I want to know if Mr. MacKenzie made this very material alteration in the plans which were prepared by Mr. Bowden, your designing engineer?—A. But they were not.

Q. Without consulting you?—A. Yes.

Q. And he carried the foundation walls two feet below the depth called for in the specifications?—A. You have no evidence to that effect at all.

Q. Oh yes, there is evidence of that?—A. I do not think so—you haven't found it yet; what you have read is that he carried them somewhat deeper.

Q. It is here in the evidence.

The CHAIRMAN.—Mr. MacKenzie said he gave instructions to spread the foundations a foot on each side, and to lower the wall two feet—you will see it on page 150 of the evidence.

*By Mr. Macdonald:*

Q. If the engineer, in the course of the construction of the work found it necessary, in order to secure permanence and stability, to spread the foundations and go down deeper?—A. It is his bounden duty to do so.

*By Mr. Crocket:*

Q. (Reads): 'I gave Mr. Wallberg instructions to spread the foundations a foot on each side, and to lower the wall two foot, putting it six feet lower than the base rail instead of four feet.' What I want to know is, Mr. MacKenzie is engineer of the Intercolonial Railway?—A. Yes.

Q. And he did that without communicating with you or Mr. Bowden, who designed the work?—A. He did not communicate with me.

Q. And are you aware, Mr. Butler, that that slight change which Mr. MacKenzie ordered off his own bat, is just giving Mr. Wallberg an amount of \$10,088 additional?—A. I have no doubt that it added that much to the cost of the building if that is what he said he paid.

Q. The Auditor General's Report says that?—A. I am not going to question that, or as to how much additional was paid, but I want to draw attention to the fact also—

Q. Just a moment before I leave that?—A. But it was provided for in the tender itself, it is the invariable practice on this continent to ask tenders in this way and you can compare the tender of this firm with the other tenders, and see if any other contractor had got it, how much more they would have got for doing the same work.

Q. At page 148 of the evidence, this is taken from the Auditor General's Report, showing the payment to Mr. Wallberg on account of this contract.

Schedule for additions and deductions:—

Passenger-car repair shop. . . . .	\$3,218 90
Paint shop. . . . .	3,697 74
Stores and office building. . . . .	3,171 51

A. That is nearly equally divided between the three buildings, you see.

Q. Yes, and those three sums total \$10,088.15, now the Auditor General's Report shows that that is made up on concrete?—A. And excavation.

Q. And excavation, over and above the quantities shown on the plan?—A. No doubt, and that is the way it would arise.

Q. So that you think, as chief engineer of the Department of Railways, that Mr. MacKenzie, the engineer of the Intercolonial Railway, was justified in making that change in those plans which were drawn at the head office here, without communicating either with you as deputy minister, or with the designing engineer who drew the plans?—A. It was not necessary. When the plans were sent out to the chief engineer with these drawings of the minimum depths that are called for there, it is his duty to carry them out so as to secure the desired result, and while I think

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he might, or should, perhaps, have written to me, he did not exceed the powers which would be entrusted to the chief engineer of the railway, in doing it.

Q. You were referring to the specifications and this contract here?—A. Well, they are both here.

Q. I want to see the clauses that you were referring to?—A. This (indicating specification) is the clause with reference to the minimum depth, and this (indicating specification) is the clause warning him not to do any work until the engineer has approved the foundation, that is necessary because that is where all the trouble arises in connection with defective work.

Q. You say the authority is contained in those two clauses?—A. There is authority there, and there is a further one in the contract.

Q. (Reads): 'The excavations for walls and columns shall in all cases be carried down to a minimum depth of 4 feet 3 inches below the proposed level of graded ground surface, and to a firm stratum.' You referred to another section also?—A. You will find it immediately below the one you have just read.

Q. (Reads): 'Before any concrete is deposited the underlying stratum must be inspected and approved by the engineer.'—A. Now, I have to assume that the engineer exercised his best judgment in the carrying out of that.

Q. Yes, I want to call attention to this first section of the contract which says: 'In this contract the word "work" or "works" shall, unless the context requires a different meaning, mean the whole of the work and materials, matters and things required to be done, furnished and performed by the contractor under this contract. The word "engineer" shall mean the chief engineer of the Department of Railways and Canals?'—A. Yes.

Q. That is yourself, isn't it?—A. Acting through my subordinates.

Q. Well, now, isn't that yourself?—A. Of course it is.

Q. So that when you refer to this other clause in the specifications that before any concrete is deposited the underlying stratum must be inspected and approved by the engineer, that under the terms of the contract means yourself, the chief engineer of the department?—A. It does, acting through his subordinates.

Q. Acting through your subordinates, but your subordinate requires some authority, doesn't he?—A. He may exercise his discretion as chief engineer, and as superintending engineer his duties are defined in the contract.

*By Mr. Macdonald :*

Q. Are his duties defined by any statute, or by the rules of the department?—A. By the practice of the department.

*By Mr. Crocket :*

Q. You are familiar with the terms of these contracts, will you say that under the terms of this contract and of this specification, any change can be made in these plans without the authority of yourself as engineer?—A. They can make changes in carrying out these specifications if the superintending engineer in his judgment thinks they are necessary.

Q. That is all right if you are consulted?—A. I should be consulted.

Q. And you were not consulted about this?—A. No.

Q. As a matter of fact this was not the only change made in Mr. Wallberg's contract at Moncton?—A. I am not aware of any change.

Q. Were you not consulted about some other changes?—A. No, I was not consulted about any changes, any increase in the depth there would be by authority of the chief engineer.

Q. Why would he increase the width of the foundation?—A. Just to give it a wider base, it is a matter of common prudence that any engineer would exercise when he saw the actual stuff upon which the load was going to be placed.

Q. You are aware of the schedule of additions and deductions?—A. I am.



Q. You know, do you not, that Mr. Wallberg had a pretty good figure of profits?  
—A. No.

Q. In his schedule for additions and deductions?—A. Just about what is fair.

Q. At \$12.75?—A. That is about what it is worth.

Q. For concrete?—A. Yes.

Q. And 58 cents for excavation?—A. Well, it is worth that.

Q. Well, now, the Rhodes-Curry Company had a contract on the same ground during the same season?—A. Allow me—

Q. Didn't they have a contract on the same ground, during the same season, in which their price for concrete was \$5 per cubic yard, and for excavation, 35 cents?

—A. If you find it there, it is so, I do not remember off-hand.

*By Mr. Macdonald :*

Q. It may also be said that it does not appear how much Rhodes & Curry were on their prices?—A. Let me explain, the Rhodes Curry Company tendered for the first building that was let there and would have secured the contract—

*By Mr. Crockett :*

Q. What do you call the first building?—A. I do not remember which one, I think it was the freight car repair shops, they were the lowest tenderers, but they withdrew their tender by telegram before the tenders were open, as you already know from the files brought down. The minister allowed them to do so, there is no question they had a perfect legal right to do so. But on the second contract which they secured they also attempted to withdraw their tender, as you also know from the file.

Q. I know that is true, the files show that, and I thought it was very strange that they should telegraph on the day the tenders were to be awarded and withdraw their tender which was the lowest, and the only one below Mr. Wallberg's?—A. And the second one they asked to withdraw, but it had been opened before their withdrawal came, and they were compelled, against their will, to go on with that contract.

Q. That is what you say, that the second one—A. That they were attempting to withdraw the second tender.

Q. Do you remember which contract that was?—A. That is the one they secured, they attempted to withdraw from that also, but we did not allow them to do so.

Q. Why did you not refuse to allow them to do so in the other case?—A. Because they had a perfect legal right to withdraw.

Q. Hadn't they a perfect legal right to withdraw in the other case?—A. No, because in the second case the tenders were opened before their withdrawal came.

Q. And were the tenders not opened in the first case?—A. No, they had not been opened.

Q. I think that the minister's initial on the tender in the first case will show that it had been?—A. No, the minister's initials will show that they had not been opened.

Q. Then will you explain how it came that the Rhodes Curry Company's tender and all the prices, all the particulars appear in the abstract of tenders if their tender had been withdrawn before the tenders were opened?—A. That is explained by the fact that their tender came in a perfectly plain envelope, and until it was opened it could not be ascertained whose tender it was, but the telegram was there withdrawing it, and when the tender was opened it was withdrawn.

Q. I notice in this abstract of tenders for the freight-car repair shops that all the particulars of the Rhodes Curry tender are set out?—A. They are.

Q. And it was the lowest tender and the only tender below Mr. Wallberg's?—A. Yes.

Q. And I thought it very peculiar that the memorandum should appear there, signed by the Minister of Railways, who at that time was Mr. Emmerson, saying that this tender cannot be considered?—A. Because it had been withdrawn by telegraph before the tenders were opened.

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Q. How then, if it was withdrawn before the tenders were opened, would it appear in the abstract of tenders in that particular case?—A. I have just explained how it was.

Q. Then it must have been opened?—A. It was opened after the telegram was received. He could not tell it was Rhodes Curry & Company or anyone else until it was opened.

*By Mr. Kemp:*

Q. Then it should not have been included in the abstract of tenders?—A. Nothing was done with it except that it was put on the list; that was a question of judgment by the clerk who opened them; but what harm did it do?

*By Mr. Crocket:*

Q. Do you think, as Mr. Kemp says, that with the knowledge on your part, and on the minister's part, that Rhodes Curry & Company had withdrawn their tender, or wished to withdraw it, that your department was justified in including it in the abstract?—A. I do not think it was necessary to do it.

*By Mr. Macdonald:*

Q. Mr. Crocket would have been suspicious if you had not done so?—A. It was done by the clerk actually, but I do not think it was necessary to do so.

*By Mr. Crocket:*

Q. I am suspicious when it was the only tender lower than Wallberg's?—A. There never was a contract that Wallberg has got that he wasn't the lowest tenderer on, and anyone who states anything to the contrary states what is untrue.

Q. Well, he wasn't the lowest tenderer in that case, as shown by the abstract?—A. He was the lowest tenderer who complied with the conditions and who was prepared to go on with the contract. You are just quibbling with me.

Q. Not at all. I can show you the abstract of tenders. Why do you say I am quibbling when I am producing that tender which is lower than Wallberg's?—A. You are quibbling.

The CHAIRMAN.—It is shown that that tender should not have been in the abstract.

The WITNESS.—I say that that tender, the particulars of which are set out in that abstract of tenders, was withdrawn, and that Mr. Wallberg's tender in that case was the lowest tender.

Mr. CROCKET.—It is shown by that abstract of tenders that Wallberg's was not the lowest tender.

*By Mr. Macdonald:*

Q. The only trouble is that Rhodes Curry & Company's tender was not a tender under the law?—A. They found they had made a mistake and withdrew it, and they found they had made the same mistake in their other tender, but they could not withdraw that.

*By Mr. Crocket:*

Q. We got into this discussion by an explanation of why Mr. Wallberg got \$12.75 for concrete whilst Rhodes Curry & Company only got \$8?—A. The fact that these gentlemen were desirous of withdrawing from their second tender also indicated to me that they knew their tender was at a very low price, that is the point. They were the lowest, and they got the work. I know from my own experience that their price on that is too low; they could not do it for the amount.

*By Mr. Macdonald:*

Q. Can you tell us what the percentage of excavation is to the contract?—A. I think it will come to somewhere about five per cent on the building.

Q. That is five per cent on the whole contract?—A. About that.

Q. I assume, naturally, that as Rhodes Curry & Company were lower on that particular thing they would be higher on others?—A. The abstract of tenders that is before the committee show that they are higher.

*By Mr. Crocket:*

Q. You say that \$12.75 is a fair price?—A. For that class of work.

Q. For concrete, and 58 cents for excavation. Now, in the freight-car repair shop I see that Wallberg is down for 39 cents for excavation and \$8.50 for concrete?—A. It is very low.

Q. Yes, very low, and I see in the planing mill that Rhodes Curry & Company have 25 cents for excavation and \$8 for concrete, and I see in the Pictou engine-house Wallberg is down for 35 cents for excavation and \$8.25 for concrete?—A. Yes, it depends upon the character of the work; that is a different character of work altogether at Pictou.

Q. I see in the Truro engine-house by Rhodes Curry & Company again, concrete masonry is down at \$7.25?—A. That was taken a couple of years earlier.

Q. So that all these accounts that appear in the Auditor General's Report for the Railway Department, this \$12.75 and 58 cents for the stores and office buildings and passenger car and repair shops—A. It is a building of a different character altogether.

Q. Is much higher than any other schedule price?—A. It is a different character of building altogether.

*By Mr. Macdonald:*

Q. In a place like Pictou where you can get sand and gravel as easily as you can there in order to make concrete it would make a difference?—A. That is different; but over and above all that, this building that Mr. Crocket is discussing is a reinforced concrete building, and the other concrete which Mr. Crocket has referred to is what is known as mass concrete; there is all the difference in the world between the two; there is no metal work in the mass concrete building.

*By Mr. Crocket:*

Q. Do you tell us that this \$12.75 is for reinforced concrete?—A. Certainly.

Q. I think not?—A. Well, I know it is.

Q. If you will let me have that contract I will tell you what his schedule prices are?—A. While you are looking at that let me say that there is metal in there which has to be put in in addition. It is a different class of work altogether to the other work you have referred to, and when dealing with reinforced work you are messing around with a lot of iron rods running through the concrete, and anyone that has had to do with it knows the difference between the two classes of work.

Q. Yes, but that does not go down into the foundation?—A. The reinforcement runs right down into the foundation, so that you are all the time messing around these frames and around iron rods, and you have to work your material in there.

Q. Here it is (reads): 'Excavating and back filling per cubic yard, 38 cents; mix No. 1 concrete in place per cubic yard, \$12.75; mix No. 2 concrete in place per cubic yard, \$14.50.'—A. That is right.

Q. Now the reinforced concrete is \$14.50, isn't it?—A. All our buuding is reinforced from top to bottom.

Q. Yes, but this is the reinforced, \$14.50, is it not?—A. You are failing to distinguish between the price for doing work in a reinforced building as compared with mass concrete. You will understand that if you had a little box filled with concrete it is different to what it would be if it was reinforced, there would then be a set of iron rods scattered all round through that material. The concrete will be measured in the cubic yard in the same way in the one class of work as in the other, but the



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effort in getting the concrete all worked in around those rods and reinforcement is worth 50 per cent more than in the other case.

Q. Yes, and the mix No. 2 is for the reinforced concrete, is it not?—A. No.

Q. Then what is the \$14.50 for?—A. It is for a richer material.

Q. Do you say that went into the foundation?—A. I would not say which, but I tell you—

Q. Is there any reinforcement in the foundation?—A. It is very difficult for me to explain apparently the difference in the character of construction, and the difficulties involved in erecting a reinforced concrete building as compared with building mass concrete. In the case of the Pictou engine house it is simply the providing of a box to drop the material in, whereas in the reinforcement—

Q. In the case of that building it is mass concrete?—A. The Pictou engine house, and in all of these other buildings.

Q. That is where \$8 was paid?—A. Yes. In that case it is simply to drop the concrete into a box and that is an end of it; but here, as you will see, if you understand the plans (indicating on plan), is a mass of reinforcement through the whole of it. You see how the iron rods start here, in the foundation and it is tied right all the way through. Here is this mass of rods round about which they have to work in the material, so that it is a different character of construction altogether from the mass material. Indeed the drawings are to such a small scale that it is very difficult to follow the details.

Q. I see what you mean?—A. You can understand the difficulty: In comparing this class of building with mass concrete you are comparing two things that are not fairly comparable.

Q. I don't think your remarks apply at all to this case?—A. I cannot make it any clearer.

Q. For the reason that the tenders for this building were bulk sums, were they not?—A. Bulk sums with the schedule attached.

Q. Bulk sums for the whole job?—A. As shown on the plan with the schedule attached.

Q. And there was no amount stated per yard for concrete, reinforced or otherwise, so far as the main building was concerned, was there? It was all included in his tender for \$154,000?—A. Quite so with the schedule attached.

*By the Chairman:*

Q. He must have filled it out on some principle?—A. Why certainly. It is all set down there.

*By Mr. Macdonald:*

Q. In the schedules attached?—A. In the schedules attached.

*By Mr. Crocket:*

Q. That is as to the additional work not shown on the plan?—A. Certainly.

Q. What you have been asked about is what was shown on the plan?—A. Quite so, but can you stop there and change the construction as set out on the plan.

Q. But in the case of carrying the foundations to two feet and spreading out the foundations, do you say that would require any different quality of concrete?—A. It would carry the same quality of concrete exactly as defined in the specifications and the same quantity of material right down to the bottom. Do you suppose they stopped there and used a different kind of material?

Q. Do you say that is reinforced concrete?—A. Why certainly, the whole building is reinforced concrete.

Q. Was that in the foundations?—A. It was carried right down into the foundations.

Q. Then it is not true that he is getting \$12.75, as Wallberg stated, but he is

getting \$14.50 a cubic yard?—A. I don't know what Mr. Wallberg stated, but I am just explaining to you the character of the building.

Q. Mr. Wallberg and Mr. MacKenzie gave me certainly to understand—A. I do not understand what the difficulty is that you are trying to come at. I have tried to explain it to you as well as I could.

Q. The Auditor General's Report says \$12.75 for concrete that is shown on the plans?—A. On the plans.

Q. That would be as you take it for the additional foundations also?—A. Yes, certainly. Now, see what is the difference between them. According to the specifications Mix No. 1 was to be used for footings, foundation walls and base courses, curtain walls not acting as lintels, basement floor of storehouse, conduit bases and platform and catch basins.

Q. That is \$12.75?—A. That was used in the foundations.

Q. What was Mix No. 2 used for?—A. Mix No. 2 was to be used for columns, including wall columns down to level of footings, girders, beams, floor and roof slabs, lintels, cornices, skylight walls and roofs of conduits. That is much richer material, where it is exposed to heavier stress.

Q. Would that be used in the walls, Mix No. 2?—A. Mix No. 2 was used for the columns.

Q. And the wall columns?—A. Including the wall columns, girders, beams, &c.

Q. Will turn up the plans for the freight-car repair shop?—A. You did not ask for the plans for the freight-car repair shop at all.

Q. Are you able to say that the freight-car repair shop is any different in its construction from the passenger shop?—A. Yes, it is not reinforced concrete.

Q. It is not reinforced concrete?—A. No, it is a steel structure on mass concrete, and has concrete in the sides and walls.

Q. And that is the explanation you give for the additional allowance?

*By Mr. Macdonald:*

Q. It is not additional allowance?—A. It is not additional allowance at all. It is the difference in the tender prices.

Q. Between the two buildings?—A. Yes. That would sufficiently explain the difference in the materials. If you are dealing with a reinforced concrete building you must expect to pay a higher unit price than when you are dealing with mass concrete. But aside from all that, this was the lowest tender.

Q. That is the lowest tender for the bulk sum?—A. Or in detail.

Q. I suppose it will work out the same as in the Pictou engine-house?—A. Yes, and if any of the others had it—

Q. Is this not true that when the matter was worked out by schedule he got \$40,000 more than his tender?—A. I will show you the reason if you are really anxious to get the explanation.

Q. It struck me as rather strange that the department should estimate his tender as worth \$62,000 and that the amount should reach \$102,000 before the work was completed?—A. Just let me explain.

Q. There is always some explanation to be offered, but it invariably works out the same way?—A. I assume you are looking for an explanation?

Q. Yes?—A. If I am wrong in that assumption you will stop me. Mr. Wallberg's was the lowest tender on the quantities supplied by the engineer on these items for the Pictou roundhouse. Had Mr. Dube received the contract the difference would have been fifty per cent higher than Mr. Wallberg's prices.

Q. Take the matter of excavation?—A. All right, take the matter of excavation. For 3,700 yards Dube's tender was 75 cents.

Q. What was Wallberg's?—A. Wallberg's was 48 cents; H. McDonald, Sydney, 74 cents; Rhodes, Curry & Co., 76 cents; R. P. Fraser, New Glasgow, 70 cents; Dixon & Falconer, 71 cents; Willard, Kitchen & Company, 99 cents.

Q. He is an expensive fellow?—A. Wait a moment, please. Take that one item, and that is one of the largest items on the Pictou roundhouse job, where Wallberg

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gets \$1,776 on the quantities we expected to find. Duke would have got \$2,664; McDonald, Sydney, \$2,738; Rhodes, Curry & Co., \$2,812; R. P. Fraser, \$2,590; Dixon & Falconer, \$2,627, and Willard, Kitchen & Company, \$3,683.

Q. That is on the quantities as you estimate it?—A. Yes. You can see what a large difference there is between the tenders on the actual quantities. With the actual quantities the greater the difference there would have been as to prices, and that is the same with every item if we go through the schedule.

Q. If I understand your explanation of the discrepancy between the estimated quantities and the actual quantities, it is that the department underestimated the quantity of excavation?—A. Unquestionably. Mr. MacKenzie gave us figures that were very largely exceeded.

Q. You have told us that it was Mr. MacKenzie's figures you relied also on in this instance, and they were wrong?—A. The quantities he found when digging out the foundations at Pictou were so much greater than he expected, that the price went up very much beyond what we anticipated the work would cost.

*By Mr. Macdonald:*

Q. Every man who tendered for that work was in just the same position?—A. Just in the same position.

Q. And when offering to do the work at schedule prices he knew what were the rates?—A. Exactly. That particular contract was disposed of before I knew anything about it. I had nothing to do with it from start to finish.

*By Mr. Crocket:*

Q. Would this not be the fact: the tenderer might have been influenced in the amount of the tender for excavation by the quantity he was expected to take out? Would not the amount of his tender be a smaller figure for a large quantity of excavation than for a small quantity?—A. I think I had better show you the plan.

Q. And if Mr. Wallberg knew?—A. He did not know.

Q. That there was three times as much as expected it would influence his tender?—A. Nobody knew that.

Mr. MACDONALD.—Mr. Wallberg did not know it.

Mr. CROCKET.—It looks very much as if he did.

The WITNESS.—That is an insinuation that is unwarranted.

Mr. CROCKET.—He always seems to be able to bid so as to grab the contract.

The WITNESS.—If he underbids everybody else he has a right to get the contract. If you can find a case where he did not underbid everybody else and still got the contract you might say that.

Q. He has the right to get \$40,000 or \$50,000 more than the department estimates his tender is worth?—A. Excuse me, that is not a fair or a correct statement.

Q. Is it not the fact that Mr. Wallberg got more than any tender set out in that abstract?—A. No, it is not correct.

*By Mr. Macdonald:*

Q. That is misrepresenting the facts?—A. It is misrepresenting the facts.

*By Mr. Crocket:*

Q. What I am asking is this: Is it not a fact that Mr. Wallberg got considerably more than the amount of the highest tender that appears in that abstract?—A. No.

Q. As the result worked out?—A. No, that is not a correct statement.

Q. Did he not get over \$100,000?—A. That is not a correct statement.

Mr. MACDONALD.—It is a pettifogging statement.

*By Mr. Crocket:*

Q. Did he not get over \$100,000 for the Pictou engine house?—A. No.

Q. Is that not a correct statement?—A. No. If you want to be fair and want to be guided by the facts—



Q. That is what I want?—A. If you will follow out the items for excavation you will find what this would have cost the country.

*By Mr. Ross (Cape Breton):*

Q. Supposing you had given the contract to one of the highest tenderers? Mr. Crocket says the Wallberg contract cost over \$100,000?—A. We will say \$100,000. That is an increase of 50 per cent on the estimate. Now, had Dube, of Rivière du Loup, secured that contract it would have cost \$150,000. Had Mr. Macdonald, of Sydney, secured it it would have cost about \$132,000; had Rhodes Curry & Company secured it it would have cost \$105,000, because there is only \$8,000 between them; had R. P. P. Fraser, of Glasgow, secured it it would have cost \$108,000; had Dixon & Falconer secured it it would have cost \$99,000, and had Willard Kitchen secured it, it would have been \$108,000. That is the way it works out, the lowest tender received it, the quantities turned out to be erroneous, which is liable to happen in any such work, such as that at the Pictou round-house, you know the situation of that work?

Q. No, I do not.—A. Well, here is the seashore, winding right round here, here is the contour of the shore and here are the soundings here.

Q. It is on the water's edge?—A. It is on the seashore, and you can understand, Mr. Crocket, when a man starts to dig that foundation he is up against a pretty difficult problem, and until it is dug he does not know what the quantity is, because it is my experience that it is impossible to tell until the work is actually done.

*By Mr. Kemp:*

Q. Can't you bore to find out?—A. You can't bore on the seashore like that, the borings are so entirely unreliable.

*By Mr. Crocket:*

Q. The department must have had an estimate?—A. They had an estimate by the chief engineer.

Q. Surely he must have made borings?—A. He satisfied himself that this estimate was about right, but it turns out to have been wrong.

Q. And these were the quantities he turned in as being necessary?—A. Yes, and I tell you frankly that the engineers throughout the service have not been nearly strict enough in the past, in trying to get at the approximate quantities. In going back over the departmental records for twenty years you will find that the same class of information has been given.

*By Mr. Macdonald:*

Q. I think that is the case.—A. I know it is the case, because I have taken the trouble to go over the records and I have found that the quantities given are almost invariably too small. It does not militate against the man who is tendering.

*By Mr. Crocket:*

Q. He evidently got away off in connection with the quantities for the Moncton job?—A. They very seldom give the right quantities.

Q. And in both cases it turns out that Wallberg got an immense amount of extra work.—A. That is not a fair statement, there is no extra work under the schedule.

Q. Isn't it a fact that he excavated thousands of cubic yards more?—A. Than the approximate estimates?

Q. Yes?—A. That is right.

Q. Now you said that if it had been awarded to any other of these tenderers it would have worked out more?—A. Just that much more as their tenders were proportionately higher.

Q. I ask you, Mr. Butler, isn't it a fact that a contractor will give a smaller figure if the quantity is larger than he will if it is a small quantity?—A. That shows where you are in error.

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Q. But is that a fact or not?—A. Here is the position, here is the plan upon which that work is done (indicating plan).

Q. I understand it.—A. No, you do not understand it.

Q. But I do understand it?—A. No, you do not, if you did you wouldn't ask that question.

Q. It is a simple question, is not that a fact?—Every contractor gets his own quantities, and he forms his own ideas as to how much work he is going to have there; here is the plan before him, and he makes up his own mind how much he has to do.

Q. These are the buildings at Moncton?—A. No, this is the Pictou building I am talking about.

Q. Do you know what Mr. Wallberg told us about the Pictou building?—A. I do not care what he told you. In practice he goes over and looks at this set of plans and makes up his own mind what is wanted.

Q. Mr. Wallberg told us he couldn't give us any idea whether his contract was \$50,000 or \$100,000.—A. All right, this is what he said, that he made up his unit prices, and he said, 'I can do that at these figures,' that is one of the advantages of the unit price.

Q. Is it not a fact that a contractor will tender at a much lower figure per yard for excavation when there was a larger quantity than he will for a smaller quantity?—A. That all depends upon the circumstances and the character of the work.

Q. What is the ordinary rule?—A. In this particular job, to come down to a concrete illustration, the more work the man did the higher the price ought to be.

*By Mr. Ross (Cape Breton):*

Q. Isn't it a fact, from a contractor's standpoint, it costs more to take the material out the deeper it is?—A. On that particular job if the contractor had known he had to go two or three feet below the point shown on the plans, and he knew he had a great deal of it to do, his price would have been higher than it was.

*By Mr. Crocket:*

Q. Now, to come back to the Moncton buildings, you told us in regard to Mr. MacKenzie making the alterations down there that there were no other alterations than those in the foundation?—A. None that I am aware of.

*By Mr. Kemp:*

Q. What was the total amount of the contract at Pictou, do you know?

MR. CROCKET.—\$62,000 was the estimated value.

*By Mr. Kemp:*

Q. And the extras were how much?—A. There are no extras. In order to understand how this thing has happened I might explain that approximate quantities are supplied by the engineer for the purpose of comparing tenders on each contract, and for no other purpose, none of the contractors ever see the schedule and consequently they know nothing about it; this schedule of approximate quantities is handed to the chief clerk of the department for the purpose of working out the amount of the contract at the prices set out in the tender.

Q. Does that refer to the foundation?—A. To all of it.

*By Mr. Macdonald:*

Q. And the contract is not made for any specific amount?—A. Not at all, it is for the schedule, there is no lump sum dealt with at all in that particular contract whatever, the prices are set out in 30 or 40 different items in the schedule.

*By Mr. Crocket:*

Q. Here is a letter I find written to you by Mr. MacKenzie under the date of 26th of August, 1907, which says:—

'DEAR MR. BUTLER :

Contractor Wallberg, Mr. Taylor and myself, went over the new stores building to-day, and it was suggested that a longitudinal lorry track be laid through the centre of the basement, and a door cut at each end, and one or two elevators put in to handle material to and from the basement, and from cars to the basement. At present there is no provision made for reaching the basement from the cars excepting through the small sized openings. Mr. Taylor would also like to have the upper story extended the full length of the building for the storage of light and bulky material. Please instruct me.

Yours truly,

(Sgd.) WILLIAM B. MACKENZIE,  
*Chief Engineer.*

A. Yes, I had forgotten that, that is right. That was authorized.

Q. You authorized that, so that the plans were changed?—A. That is no change in the plans.

Q. Well, it is an addition?—A. Yes, an addition.

Q. And a very material addition, a new story.—A. No, excuse me, just a little addition here (indicating on plan).

Q. Yes, a new story, you authorized that.—A. Yes.

Q. Did you authorize this longitudinal railway?—A. No.

Q. So that in this case Mr. MacKenzie thought it necessary to communicate with you?—A. That was a material change, but the other thing is to secure sufficient foundation.

*By Mr. Ross (Cape Breton):*

Q. If he had not made that other change to secure the foundation of the building he would have no right to be there?—A. He would not have the authority to do that, that would have to be brought before the minister.

*By Mr. Crocket:*

Q. Do you say he had authority to add \$10,000 to the contract by a change in the specification?—A. He does not change the specification, he simply carries it out. I know it is difficult for you to understand that because you have not had experience in that kind of work.

Q. I understand perfectly.—A. If you understand my explanation it is no use my saying anything more.

Q. But I pointed out to you, you referred to a certain clause in the specification in which the term 'engineer' was used: I pointed out to you that the contract specifically provided that it is the chief engineer of the department, that is yourself that should make the change?—A. That is nonsense.

Q. It is not nonsense?—A. It is simply nonsense.

Q. You may say it is nonsense, but it is not nonsense and there is not a lawyer nor a judge in the country that will say anything else than what I am saying.—A. I will go before the courts to-morrow on that, it has been held in the courts time and time again.

Q. Do you say that the word 'engineer' in that contract means the chief engineer of the Railways and Canals Department, which is yourself, or do you say that it means Mr. MacKenzie?—A. Yes.

Q. You know that an officer of the department, or a deputy engineer, represents the chief engineer?—A. Certainly, that has been held over and over again. Mr. Crocket knows it perfectly well.

*By Mr. Crocket:*

Q. Was it not also a fact that a tar macadam floor—A. Yes, has been changed to—

Q. Changed to a concrete floor?—A. Yes.



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Q. And that Mr. Mackenzie consulted you in that respect?—A. Yes, that is right.

Q. And you authorized that?—A. Yes.

Q. Now can you give this committee any idea of the addition to the value of Mr. Wallberg's contract effected by these changes?—A. Do you mean how much?

Q. Yes, how much additional cost?—A. I don't remember offhand now. He gave the reasons at the time. It is all set out in the report.

Q. Was there an arrangement made with him for a specific sum?—A. Yes.

Q. The schedule did not provide for it?—A. No, it was a question of work and he took it at a special price.

Q. Were there not schedule prices for that purpose?—A. Not for that kind of thing. His schedule was too high for that kind of work.

Q. The schedule was too high?—A. Yes.

Q. And you say that the price agreed upon between yourself and Wallberg for this additional work—A. Pardon me. Do not state something that is not true. It was not agreed upon between myself and Mr. Wallberg at all. Mr. MacKenzie and Mr. Wallberg had a conference with regard to the change from gravel tar macadam to the same kind of concrete that we used in our foundations and platforms. The superintendent of motive power seemed to think that he would prefer concrete and that he could not move his machine round on gravel-tar macadam, although I thought it was sufficiently good for that class of building, and they settled upon the price we were then paying for platforms, which was a very much lower price.

Q. That is Mackenzie and Wallberg?—A. Yes, and upon submitting the matter for approval it was approved. That is the whole story.

*By the Chairman:*

Q. The prices were lower than your schedule prices?—A. Yes, it is a different thing altogether.

*By Mr. Crocket:*

Q. You say that you and Wallberg did not agree upon prices but that Mackenzie and Wallberg did so?—A. And submitted it for approval.

Q. Quite so?—A. Yes.

Q. Then is there very much difference?—A. There is a good deal of difference.

Q. Was that contract made with you?—A. No, with the government of Canada.

Q. I made a mistake in saying that the arrangement was made with you as against Mackenzie; it was with you as against the government of Canada?—A. What do you mean? I do not understand what is the point.

Q. You say he did not make the arrangement with you?—A. No, he did not.

Q. Then you said he made it with Mackenzie or a subordinate. Now you wind up by stating that he did not make it with Mackenzie, but with the government of Canada?—A. I did not mean that.

Q. I did not mean anything in what I said?—A. You are just captious.

Q. I did not mean anything by saying the contract was made with you?—A. You did. You meant to insinuate something.

Q. You are the head of the department?—A. In that sense I am responsible.

Q. That is what I meant?—A. I do not want any insinuations. I want you to be straight, open and frank.

Q. I am not making any insinuation, that is where you are mistaken. I did not mean anything other than that the contract was made with the department. That is all?—A. Let it go at that then.

Q. You take it that I made an insinuation?—A. It had that air to me.

Q. I did not intend it, and I am very much surprised that you should have taken it that way?—A. There is no use saying any more. You have made it clear that you did not mean that and I am perfectly content.

Q. You asked Mr. MacKenzie what the cost would be?—A. Yes.

Q. Here is a letter under date of October 25, 1907 (reads):—

INTERCOLONIAL RAILWAY OF CANADA.

OFFICE OF THE CHIEF ENGINEER,

MONCTON, N.B., 25th October, 1907.

*Floors in Passenger-car Repair Shed and Paint Shop at Moncton.*

DEAR MR. BUTLER.—Referring to your letter of the 9th September, I have to say that my estimates for the tar macadam and for a concrete floor are as follows:—

40,392 sq. ft. concrete floor and gutters at 22c. . . . .	\$8,886 24
40,392 sq. ft. tar macadam floor, at 12c . . . . .	4,847 04

\$4,039 20

Add difference in lumber ties. . . . .	243 00
--	--------

\$4,282 20

Deduct concrete described in specification under ties. . . . .	2,325 00
--	----------

Increased cost for the concrete floor in the two shops. . . . .	\$1,957 20
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Yours truly,

(Sgd.) WM. B. MACKENZIE,  
Chief Engineer.

M. J. BUTLER, Esq.,

Deputy Minister and Chief Engineer,  
Department of Railways and Canals,  
Ottawa, Ont.

A. That is what was approved.

Q. I understand you to say that subsequent to that letter there was another communication from Mr. MacKenzie saying that Mr. Wallberg had agreed to do the work for nine hundred and some odd dollars. Does that refer to the same thing?—A. He was giving what his view was, and he and Wallberg made a bargain to do it at an increase of \$900.

Q. Notwithstanding that Mr. MacKenzie figured out that the increase, as between the concrete and the tar macadam would be \$1,957.20, Wallberg agreed to do it for \$980?—A. Yes.

Q. And that was a specific contract?—A. Made for that particular job.

Q. And you say that in regard to the additional story there was a specific sum agreed upon at the same time?—A. No, I do not think so. That was carried out under schedule.

Q. I understood you to say before that there was a particular sum?—A. No, there was not a special agreement.

Q. Then the additional story was carried out under the schedule?—A. Yes.

Q. There was another charge that was spoken of?—A. No, that is the only one that I can recall.

Q. Then there were a couple of elevators?—A. That would not be in his contract at all.

Q. Did he get a contract to put those in?—A. I don't think so.

Q. Here is a letter from Mr. MacKenzie dated 1st October, 1907 (reads):

INTERCOLONIAL RAILWAY OF CANADA.

Office of the Chief Engineer,

Moncton, N.B., Oct. 1, 1907.

Dear Mr. BUTLER.—Referring to your letter of the 28th August regarding the proposed extension of the second story of the new stores building, Moncton, area about 150 ft. long and 50 ft. wide. This will cost about \$6,000. The two electric freight

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elevators will cost \$4,560. Total \$10,560. Please wire me your decision on the second story as contractor is now ready to place forms on this part of the building. I enclose you herewith a letter from Mr. Taylor on the subject.

Yours truly,

(Sgd.) WILLIAM B. MACKENZIE,  
Chief Engineer.

Encl.

M. J. BUTLER, Esq., C.E.,  
Deputy Minister and Chief Engineer,  
Dept. Railways and Canals.  
Ottawa, Ont.

A. They were not allowed. I don't think they have bought those elevators yet.

Q. Not two elevators but one?—A. That would be bought from Fenson, of Toronto, or some elevator builders.

Q. Here is a letter written by you on October 3rd (reads):

October 3, 1907.

Dear Mr. MACKENZIE,—I have your letter of the 1st inst. in regard to the proposed extension of the new stores building, giving an area of about 150 feet by 50 feet, at a cost of about \$6,000. This may be done, in the light of what the storekeeper said.

With reference to the electric elevator. One might be put in, in the centre of the building. I do not think we are warranted in putting in two. It should be placed, of course, near the end of the office portion, so as to serve the freight end of the business, rather than the men. This to confirm wire.

Yours faithfully,

(Sgd.) M. J. BUTLER,

W. B. MacKENZIE, Esq.,  
Chief Engineer, I.C.R.  
Moncton, N.B.

Q. That if you consented to his putting in one electric elevator?—A. Yes.

Q. Now, so far there has been no agreement as to the cost?—A. That elevator has not been purchased yet.

Q. It has not been purchased, but was the contract made with Mr. Wallberg?—A. No.

Q. Was there any contract made with anybody?—A. No, not yet, that has to be acquired.

Q. Now then in regard to the story, it was to cost about \$6,000?—A. That was the approximate estimate based upon the schedule price of \$12.75 for concrete?—A. I do not know what the prices are, Mr. MacKenzie would work it out on the actual quantities used in their building plan.

Q. In connection with this we have an additional \$10,088, we had that much down to 31st March, 1907, for additional excavation over and above that shown in the plan and the changes in the foundation and we have another story which was estimated at \$6,000?—A. Yes.

Q. Then we have the change in the floor, are these the only changes?—A. Those are all that I know of.

Q. All that you know of, the additional story and the change in the floor you were consulted about?—A. Yes.

Q. But the changes in the foundation you were not?—A. I was not.

Q. When the progress estimates came in—you have visited the works?—A. I have visited the works but I do not see the progress estimates.

Q. Do not the progress estimates come before you?—A. All estimates on the Intercolonial railway are made at Moncton, and the chief engineer goes over them.



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Q. And they are paid without reference to you at all?—A. Yes.

Q. Is that the practice in all cases?—A. Yes, and always has been—that is on the Intercolonial Railway, that is the practice on the Intercolonial Railway, it is not the practice on the canal.

Q. They order the progress estimates there at Moncton?—A. They are all paid by them there without reference to me.

*By Mr. Macdonald :*

Q. That always has been done?—A. It always has been done.

*By Mr. Crocket :*

Q. Do you approve of that, do you not think it would be much better to have that done here?—A. We would have to increase our staff here if that were done, it would multiply the labour in Ottawa and I do not know there is any value in it.

Q. Does it not multiply the labour down there?—A. No, they have a staff down there anyway and you have to rely upon somebody; it would mean a duplication of the work to have it done here.

Q. You were in the committee when Mr. Wallberg told us that Mr. MacKenzie gave him the order for the construction of the sewage and water system in connection with this building?—A. I was.

Q. And he said, I find the statement is made by him, that you and Mr. MacKenzie gave him the order?—A. He was wrong.

Q. You at once stated that that was incorrect?—A. I did.

Q. And that you knew nothing about it up to that time?—A. That is a fact.

Q. Were you not aware down to that time that that work was going on?—A. I knew it was going on, but I did not know it was going on in that way.

Q. You knew it was being constructed but you did not know upon what terms it was being done?—A. No.

Q. What do you think of it as head of the department?—A. Mr. MacKenzie, Mr. Crocket, should have given that order in writing, he should have made the settlement in writing stating that in his judgment that is the best way to carry on the work, he should have made a report on the work and got authority for it. He was wrong in doing it in that way.

Q. You have heard a statement, have you had any communication with Mr. MacKenzie on that matter since?—A. I told him when I saw his evidence, that is what he should have done, no man in the service has the right to make a verbal agreement about anything and the contract so provides.

Q. And that is all the reprimand you gave him?—A. That is sufficient.

Q. Did you ask him what the work was going to cost?—A. Yes.

Q. What did he tell you?—A. I do not remember now, but he said it was being done better and cheaper than it could be done any other way.

Q. Yes, and he told us with reference to these girders that he was getting them cheaper from Mr. Wallberg than he could have obtained them anywhere else, and we find that Wallberg got a profit on them of some \$500.—A. It is a perfectly absurd statement to make.

*By Mr. Macdonald :*

Q. Do you know whether they could have been obtained anywhere in Canada at that time?—A. I know that Mr. MacKenzie was, at that time, in touch with all the bridge companies who had contracts, and that delivery by them was delayed that year so that we had to lose the vote, we had to let it lapse, and ask parliament to renew it the next year because of their failure to deliver.

Q. How was it Mr. Wallberg was enabled to deliver the girders?—A. As a matter of fact he had a contract with these people to supply him with all his material, and he obtained it under that contract.

MR. CROCKET.—Mr. Wallberg told us all about that.

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Mr. MACDONALD.—Then why do you insinuate in reference to this matter, when you know Mr. Wallberg had an agreement with these people?

*By Mr. Crocket :*

Q. In reference to the conversation you had with Mr. MacKenzie regarding his taking the liberty to make this contract with Mr. Wallberg —A. I drew attention to the fact that under government contracts no verbal instructions can or should be given. The contract itself expressly provides that everything should be done in writing and that an order, if it has not been given in that way does not bind the government, nor would it protect the contractor.

Q. And in fact all government contracts contain that provision?—A. The express provision that every order must be in writing.

Q. Now you told us, when Mr. Macdonald interjected the remark, that Mr. MacKenzie had been a long time in the employ of the Intercolonial Railway?—A. Longer than I know anything about.

Q. So that the remark was made, I suppose, with the view of showing that Mr. MacKenzie was a man of great experience?—A. Yes, he certainly was.

Q. And yet he did not know that?—A. He certainly did know it, there wasn't any doubt about his knowing it at all.

Q. Did you tell him not to do the like of that again?—A. I do not think there will be any danger of its happening again.

Q. You simply called his attention to the fact that he had no authority to do that?—A. That is sufficient.

Q. After you saying he had no authority for doing that?—A. Yes.

Q. And yet the working is going on?—A. Certainly.

Q. It was begun last summer in July, and has been in progress ever since?—A. Intermittently.

Q. And it is still going on?—A. I presume so, but I do not know. It is a comparatively small job.

Q. Would you say it was a comparatively small job if it had been in progress a year?—A. It is a small job, notwithstanding, it is only a sewer about 1,000 or 1,800 feet long, I do not remember the exact length of it, I am just trying to guess the distance.

Q. Were there any plans drawn for that at all?—A. No, it is not a job that requires plans, there is no doubt a detailed plan showing the form of the sewer, but for the excavation we do not generally draw plans, it is staked out on the ground and they go ahead and dig it—but I am sure there will be a plan.

Q. And would there not be a plan also showing the depth?—A. Oh, yes.

Q. And a section of the sewer?—A. There should be.

Q. Who would draw that plan?—A. Mr. MacKenzie.

Q. Then he did that without reference to the department at all?—A. Yes.

Q. And he expects to get the money from the department to pay for it?—A. Oh, he'll get it.

Q. I know, no doubt he will.—A. If he certifies that the work is done.

Q. You say the sewer is about 1,800 feet long?—A. I am not certain about that.

Q. Do you know the depth of the excavation that is being made?—A. I should think where it crosses the Intercolonial Railway it must be 23 or 24 feet deep, I should judge that.

Q. And the width of the cutting?—A. Sufficient to get it down.

Q. Isn't a matter of 40 or 50 feet wide?—A. Lord bless us, no.

Q. Not to get down to 22 feet?—A. No.

Q. What would you say it was?—A. Seven, eight or ten feet wide.

Q. What was the arrangement that was made by MacKenzie with Wallberg?—A. What Mr. MacKenzie told me was that he was paying the pay roll plus 15 per cent—the actual cost of labour plus 15 per cent for the use of tools and superintendence.

Q. That was for the sewerage and water systems?—A. Yes.

Q. Did you understand from Mr. MacKenzie that any portion of this schedule was to apply to that work?—A. Not to that work, I did not.

Q. You did not?—A. I don't know about that very clearly.

Q. You understood what you have stated from him anyway?—A. I understood he was to pay the actual cost plus 15 per cent for superintendence and the use of tools.

Q. Mr. MacKenzie told us in answer to Mr. Macdonald's questioning that the bulk of that would be covered by the schedule?—A. Well, he knows better than I do.

Q. What do you say about that? You have read this contract?—A. It does not fall under the contract at all.

Q. The contract did not contemplate the construction of sewerage and water systems?—A. No.

Q. It was a separate work?—A. A separate work that should have been fixed by—

Q. By a separate contract?—A. By a separate agreement.

Q. You have already told us that the progress estimates did not come before you at all?—A. No.

Q. So you do not know what has been paid?—A. I don't know anything about it.

Q. Would you say that forty or fifty thousand dollars would be an excessive estimate of the value of that work?—A. Yes, very.

Q. What would it be worth?—A. I think it would be worth eighteen to twenty thousand dollars.

Q. Eighteen to twenty thousand dollars?—A. That is at cost.

Q. That is your estimate and Mr. MacKenzie entered into the contract without authority?—A. He did not do it in the right way.

Q. What do you say as the deputy head of the department and as chief engineer with respect to an arrangement such as Mr. MacKenzie described to you, paying the contractor for work of that kind?—A. The arrangement was all right. Having regard to the circumstances and the condition of the labour market at that time I don't know that he could have got it done any cheaper in any other way. But the manner in which it was done was not right.

*By Mr. Macdonald:*

Q. The fact that it was not put in writing and formally reported into the department?—A. That is a fact. But it was impossible to get labour last year. It is notorious that you could not get any labour, that it was impossible to keep gangs of men at that place, in consequence of which the work was not nearly as far advanced as it should have been. To secure the execution of a contract like that with that class of work, he should have had a written agreement; but the manner of payment is open to the statement that it is probably the cheapest way the work could have been done.

Q. What do you think of having work carried on by an arrangement of that kind by a contractor on the same ground as the building contractor?—A. That is just what I say, that it is almost impossible for another contractor to work in such a tangle as there was there.

Q. Is there not great danger under such an arrangement of the government being 'done up'?—A. Oh, no, Mr. Crocket, how could the government be done up?

Q. Under the arrangement, as I understand, that Mr. MacKenzie made with Wallberg the government supplied the material for the sewer and water system?—A. Supplied the pipe.

Q. Supplied all the material?—There was concrete?—A. No, I don't think there was concrete.

Q. I think so? I understand so?—A. No, I think you are misinformed.

Q. Well what material would there be?—A. Cast iron pipe, valves and hydrants.

Q. Mr. Wallberg told us there was concrete?—A. I am not going to dispute that, but I do not think it could be accurate.



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Q. That is Mr. Wallberg's evidence?—A. That is not according to the information I have.

Q. That is Mr. Wallberg's evidence and I am not going to ask you now if that be the fact would there not be a pretty good chance for a contractor, if so disposed, turning the material the government bought and delivered on the ground into his own contract?—A. Well that would involve dishonesty on the part of the engineer in charge of the work.

Q. If the contractor were so disposed would there not be a very nice opportunity for his doing that?—A. Not without the dishonest connivance of the engineer in charge. With his connivance you could do anything.

*By Mr. Macdonald:*

Q. With any contract?—A. With any contract.

*By Mr. Crocket:*

Q. When you say the engineer in charge do you mean Mr. Mackenzie or the assistants?—A. Yes, the assistants and Mr. Mackenzie too.

Q. Would there not also be an opportunity for Mr. Wallberg who was working on the construction of this building diverting the labour that the government was paying for into his contract?—A. Again only with dishonest connivance.

Q. Only with dishonest connivance?—A. That is the way I would put it.

Q. Of course, you assume there is never anything like that?—A. Of course, I assume that every man is doing his duty.

*By the Chairman:*

Q. I see that Mr. Wallberg supplies the material for the water system?—A. That is wrong; for the water system we purchased the pipes and the valves and the hydrants.

Q. For the sewerage system Mr. Wallberg supplies the material, and for the water system the material is supplied by the government?—A. That is right.

*By Mr. Crocket:*

Q. So in addition to the day's labour Mr. Wallberg has the pipe?—A. It is manufactured in the place.

Q. He is buying the pipe?—A. Buying so much for the sewerage system. For the water system it is a different arrangement.

Q. And under his arrangement he is paid for the material?—A. No, he is paid for the labour plus the cost of plant and superintendence.

Q. Do you know anything about these inspectors that are certifying to Wallberg's accounts?—A. I expect they have been on the staff a long time and are old officials. I have had no personal contact with any of them.

Q. Mr. MacKenzie is, of course, chief engineer?—A. He is chief engineer and he is responsible.

Q. He told us that he visited the ground periodically?—A. He does.

Q. He gave the committee to understand that there were two assistant engineers constantly on the ground?—A. Yes, if you will give me the names I might know them, or I might not.

Q. Thomas Sefton, was he an assistant engineer?—A. I do not know his name.

Q. Mr. G. C. Torrens?—A. I do not know his name.

Q. Mr. A. H. Stevens, is he an assistant engineer?—A. Torrens and Stevens are given by Mr. MacKenzie as his assistants (page 139 of evidence); do you know William Rhindress?—A. I have seen Mr. Rhindress.

Q. And then Sefton?—A. I do not know either of the others.

Q. I think you will find the names of Stevens and Torrens in the engineers' staff at page W—162. A. H. Stevens, do you know him?—A. I am not sure whether I know that man or not.

*By Mr. Crocket:*

Q. I am informed that is the man, and Mr. Mackenzie told us that those two men, Stevens and Torrens, were permanent employees?—A. I know a man of the name of Stevens.

Q. I see he is down here as a clerk at \$30 or \$40 a month?—A. That can't be the man, then.

Q. And Mr. Wallberg told us they were permanent employees.—A. I do not know anything about it.

Q. My information is that this is the same man, and that he is a man under 20 years of age, but you have no knowledge?—A. I have no knowledge of that.

Q. Then there is E. C. Torrens, who is down as a draughts-man at \$75 a month, and these are the two gentlemen, as I understand it, that Mr. Mackenzie told us were the assistant engineers on this work. Then there is Sefton, you do not know him?—A. No.

Q. So you don't know Rhindress, my information is that Rhindress is a competent inspector?—A. A very competent inspector.

Q. Although he is a mason?—A. Yes, I think so.

Q. And his work would be the supervision of masonry on the building?—A. There is no masonry there, it is concrete, and it would be his duty to see that the proportions were right and that the work was properly done.

Q. Sefton, I am told, is a bridge man?—A. That may be, I do not know, I never saw him that I know of.

Q. That is my information, that he is a bridgeman, and probably a competent man in that, but if he is relied upon for the supervision of this sewer work that is not very much in his line?—A. Mr. Mackenzie would look after his own staff on this work, he is within a mile of it.

Q. Did you bring with you, Mr. Butler, the original tenders?—A. Yes.

Q. For this building?—A. Yes (tenders produced).

Q. I notice that Blakney who was the highest tenderer, tendered for excavation at 50 cents and mixed No. 1 concrete at \$9.50?—A. Yes, and \$241,000 for the bulk sum.

Q. You say that he was \$241,000 for the bulk sum as against Mr. Wallberg's \$154,000?—A. Yes.

Q. Notwithstanding that Mr. Blakney's figure for concrete on the schedule was \$9.50 as against \$12.75 in Wallberg's schedule?—A. That is right.

Q. So that it would seem to me that Mr. Blakney—A. Did not know his business.

Q. That is the explanation, is it?—A. I think that is the explanation because his bulk sum is away up and the schedule away down.

Q. It seems to me that explanation that you offer does not at all explain it because Wallberg's schedule for concrete is \$12.75, and as I understand it that would apply to the whole building?—A. Oh, no; I tell you that the price he named was a reasonable price, that any person who has a knowledge of that class of work, and there are very few, I am sorry to say, in the country who have knowledge of that special kind of work, will tell you that is a fair price for it.

Q. So that Blakney, whose tender was, as you have pointed out, so much in excess of Mr. Wallberg's in the bulk sum, was considerably below him in both the excavation and concrete on the schedule?—A. Per yard.

*By Mr. Macdonald:*

Q. But he was considerably higher than Mr. Wallberg on other things and that enabled him to reach the low figure on those two items?—A. The fact is, as I say, I do not think Mr. Blakney knew how to make out the tender.

Q. His other schedule rates were much higher?—A. Yes.

Q. And what was the Rhodes, Curry Company's price?—A. \$188,000 bulk sum.

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Q. And Rhodes, Curry Company's excavation was 47 cents, as against Wallberg's 53?—A. Yes.

Q. And \$12 for concrete?—A. Do you say that we should have accepted one of these other tenders?

No, did you take that position?—A. I am just taking this for a check. Supposing you had the responsibility, as I had, of making a recommendation to the minister, what would you have done? Would you have done anything else than accept the lowest tender?

Q. I certainly would have accepted, if I had been in your place, the lowest tender, there is no doubt about that.—A. What is the explanation that you desire then?

Q. We are showing that notwithstanding that Wallberg got the contract as the lowest tenderer before he gets done with it, in this case, as in other cases, he will get out with a larger sum than the highest tenderer. —A. And supposing that what you say is true, if the tender of other people had been accepted, where would you have come out? Supposing we could have anticipated that these changes would have been made, supposing for the purposes of argument I had said to the minister there may be changes in that schedule, and supposing I had recommended that his tender should be passed over, where would I have been?

Q. Isn't it a fact that this contract was awarded on the basis of the bulk sum? —A. Certainly, but we could not say there would be no change at all.

Q. Notwithstanding that it was awarded on the basis of the bulk sum, the schedule which was not taken into consideration is going to have a very important bearing in this case as regards Mr. Wallberg's profit, isn't it?—A. No.

Q. He has already got large sums, I have made a calculation and up to the 31st of March it was between 20 and 30 per cent of the total amount?—A. No, about 5 per cent. If you had any previous experience in engineering work, and particularly the government work you would find that you have done very well when you keep it down to that.

Q. In that case the contract was awarded on the bulk sum, and he was the lowest tenderer, and in the Pictou it was awarded on the basis of the schedule?—A. Entirely, the only bulk sum there was for the work above a certain point.

Q. And he got it there on the basis of the schedule? He got over \$40,000 more than the department figured was the value of his tender?—A. More than the estimate and I have explained to you, and you perfectly understand, that if any of the other tenderers had got the work it would have amounted to very much more.

Mr. CROCKET.—These are some things that make people think that Wallberg is a very slick fellow, that is all.

Mr. MACDONALD.—Perhaps you will tell us what you infer about it.

Mr. CROCKET.—I am trying to ascertain.

Mr. MACDONALD.—You must have some idea.

Mr. CROCKET.—I am asking Mr. Butler and he is explaining these things.

Mr. MACDONALD.—You are drawing some inferences.

Mr. CROCKET.—I am not drawing inferences at all.

Q. Mr. Wallberg had a contract in Charlottetown. How did that work out?—A. I think you have had Mr. MacKenzie here who knows all about it, and Mr. Wallberg also.

Q. Is it not a fact that he got \$20,000 more than his contract there?—A. I cannot tell you.

The CHAIRMAN.—More than the estimate?

*By Mr. Crocket:*

Q. More than the estimate?—A. You have had them both before you.

Q. Do you not know about it?—A. No.

Q. Do you not know that Mr. Mackenzie made a change there? He did away with the cellar I think or a part of the foundation?—A. I ordered him to do it.



Q. The change was supposed to have reduced the contract as Mr. Wallberg pointed out in a letter, by \$8,000 ?—A. We expected it and it did have that effect.

Q. By reason of that he asked that his deposit be reduced and that was done ?—A. Yes.

Q. And notwithstanding that other changes were made which brought his contract up to \$70,000 ?—A. Here again the same story occurs which raised the approximate quantities on that particular contract. I will just look at it for a moment. Had any of the other tenders been accepted we would have paid just that much more. Have you ever been in Charlottetown ?

Q. I have not been there ?—A. I wish you would go over and see the work. There again unfortunately the foundations are below the tide.

Q. That was all known, was it not, when the estimate was raised ?—A. Exactly, but nobody knew how deep it would go. The tenders there were : Rhodes, Curry & Company, \$86,390.

Q. Was that a bulk sum ?—A. A bulk sum. There was a schedule, of course, in addition. E. A. Wallberg, \$58,900 ; Emile Dube, Riviere du Loup, \$67,890 ; and H. & S. Low, Charlottetown, \$83,698. Now as to prices : A. Rhodes, Curry & Company, common excavation, 40 cents. B., E. A. Wallberg, 18 cents. C., Emile Dube, 32 cents. D., H. & S. Low, 45 cents.

Q. Let me understand this. You say that Wallberg's price for excavation at Charlottetown was 18 cents ?—A. 18 cents.

Q. And 58 cents at Moncton ?—A. That is a different situation. Each man guides himself in tendering by the place he is in and the character of the work he is up against.

Q. There is a difference of 40 cents ?—A. Yes. This was on 26th December, 1905, when wages at the highest were \$1.50 a day. The other was taken in 1906 when wages had risen to an average of \$2 a day in that part of the country. In the meantime this was, I think, the first contract he had.

*By Mr. Kemp :*

Q. About one-third more ?—A. Yes. It rose about that much in that short period. Mr. Wallberg I have no doubt cut his eye teeth on that building. It is doubtful if he made any money out of it. If he did I would be surprised. However, just to give you an idea of how the schedule compares : Loose rock excavation, Rhodes, Curry & Company, 65 cents. Wallberg, 36 cents ; Dube, 54 cents ; Low, 30 cents. Solid rock excavation. Rhodes, Curry & Company, \$1.50 cents a yard ; Wallberg, 65 cents ; Dube, \$1.25 cents ; Low, 70 cents. So you can see that if the actual quantities were applied to the excavation they would have been double what was actually paid to Wallberg for that particular class of work. Now you come to concrete masonry.

Q. In some cases the prices are less than Wallberg's ?—A. On that one item.

Q. I think in one case the contractor was awarded on the basis of a bulk sum ?—A. On the basis of a bulk sum, of course.

Q. You directed this change that was made ?—A. Yes. I directed it. I thought it was extravagant to put a basement underneath that whole building. I told him to cut it down and notify the tenderers accordingly which he did.

Q. Are you aware that Wallberg considered that the worst end of his contract and felt that he was advantaged to that extent by the change ?—A. Oh, no.

Q. You have read the evidence which was given in that direction ?—A. I have gone over to see what he said but I do not think he said anything of that kind.

Q. Did you notice that the contractor had expressed the opinion that it was worth twelve thousand to him ?—A. Did he say that ? It was before all the contractors.

Q. Did they tender upon that basis ?—A. Yes. You have seen my letter on the file to notify all the tenderers.

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Q. There is certainly a letter on the file written by Wallberg to the department asking that his deposit cheque be reduced?—A. That is another matter.

Q. Asking that his cheque be reduced by \$8,000 because of a change in the plans?—A. Yes, I know. But the letter I wrote to Mackenzie was prior to the receipt of the tenders and I said 'Notify all the tenderers.' I remember saying that. I do not know whether I can turn up a letter on the file. If you want to compare the rest of the tenders you will find the same story. In all fairness all that is to be said is that had any of the other tenderers procured the work, or had those tenders on the bulk sum been based upon the work, it would have cost just that much more proportionately which their schedules bear to each other.

Q. It was Mr. MacKenzie furnished the cost upon which these estimates were made?—A. Yes.

Q. Referring again to the Moncton building, you have no doubt, as head of the department, that the contract for the passenger car repair shop, paint shop and stores and office building did not contemplate the construction of sewerage and water systems?—A. No, it did not.

Q. And, therefore, the schedule prices that appear in Clause 30 of the contract do not apply to those systems?—A. They did not properly belong there.

Q. They do not properly belong there?—A. No.

Q. You are aware are you not, that MacKenzie stated the bulk of that was paid for under the schedule?—A. If he could get that work done under schedule but I don't think he could.

Q. I think the explanation given to Mr. Macdonald and to the committee was that part was to be paid under the schedule and part by day labour?—A. If Mr. Crocket could get that work done under schedule I would say to him 'You have done a mighty good job for the government.'

Q. Don't you know Mr. Butler, that the work of excavation was done with horses and scrapers?—A. No, it could not be.

Q. Well, my information—A. Your information is wrong.

Q. My information is that it was done in that way?—A. Your information is all wrong. They do not dig trenches with scrapers.

Q. He told us he had a number of horses and teams?—A. Of course he had. The work has to be started.

Q. For excavation work done in that way what would you think of 58 cents a cubic yard?—A. By a horse and scraper?

Q. Yes?—A. It is too high a price.

Q. Thirty cents would be a fair price?—A. If the hole is not too deep.

Q. And if Mr. Wallberg is getting 58 cents for excavation done in that way he is making 150 and 200 per cent profit?—A. He is not doing it that way, he could not do it.

Q. It is spread out, I am told, at the top 30 and 40 feet in order to go down to the required depth?—A. That is not correct at all. Who told you that?

Q. Well, I have authority?—A. Some boy or other that did not know the difference between a trench and a side of shoe leather.

Q. I was told it by a very competent person?—A. Who is he?

Q. I do not care to mention?—A. Well, I should not ask.

Q. But that would be a fact, wouldn't it? That is the fact, that Wallberg is getting a pretty good thing, if he is doing it that way?—A. It would not be done that way, it is very expensive work.

Q. Mr. MacKenzie, as I understand it, said he was to be paid under the schedule for a part of this excavation, the top part of it, and then the bottom part of it he was to be paid by day's labour?—A. If that is the explanation, you have it there, I can't say.

Q. He has a pretty good thing if he is working it that way?—A. You had better call for a return to show.

Q. As head of the department would you not think it is a pretty fair thing so

far for Mr. Wallberg?—A. You are putting a supposition case that I am not going to answer.

Q. I am going on what Mr. MacKenzie said.—A. Pardon me, what did he say.

Q. Mr. MacKenzie said he was to be paid in part under the schedule and in part by day's labour, and that the top part was by schedule.—A. How far down?

Q. I don't think he indicated how far down.

The CHAIRMAN.—I think he said as deep as the ordinary trenches.

A. That is about six feet.

*By Mr. Crocket:*

Q. Then he applied the schedule where it is profitable and where he gets deep down, where it is unprofitable, he works on the day labour arrangement?—A. Well, Mr. MacKenzie is not responsible for that. I would not express an opinion about a thing I had not seen, as to the wisdom or unwisdom of what Mr. MacKenzie had done.

Q. You do not know to what depth he is being paid under the schedule?—A. I have not seen just what his arrangement definitely is, because I asked him to reduce it to writing and send it up to me so that I could see just what he is undertaking to do. I have not received it yet.

Q. I think what he said was that all over the ordinary depth, that is the expression he used, he was to be paid on the day labour plan, that would be about six feet, would it not?—A. About that.

Q. I think you have already said that the width of this trench at the top would be about five or six feet?—A. I should think it would be five or six, or perhaps eight or nine.

Q. And it is 2,000 feet long and 18 feet deep, that is my information?—A. I think that is not far wrong.

Q. And I have an estimate here that there is between 40,000 and 50,000 yards of excavation for that sewer, what would you say of that?—A. I haven't multiplied it out, it is about a yard and a half per running foot, I think.

Q. 2,000 feet long and 18 feet deep, how much would that excavation be?—A. How wide?

Q. I have it as between 50 and 60 feet?—A. That is a railway cut, that would be ridiculous, that would be a canal.

Q. I have the estimate without reference to that?—A. 50,000 yards, eh?

Q. Between 40,000 and 50,000 cubic yards; would you say that would be excessive?—A. It strikes me as absurd.

Q. 2,000 feet long, and you have said that in one place it was 22 feet deep?—A. I am guessing at that, I do not know how deep it would be.

Q. If it had been that, would your estimate of \$18,000 or \$20,000, cover the cost?—A. Of this work?

Q. Yes?—A. I could not say.

Q. On the basis of the schedule?—A. I am just getting it by the running foot, I think the price of that would be worth about \$10 per running foot.

The CHAIRMAN.—That would be about \$18,000.—A. Somewhere in that neighbourhood, \$18,000 or \$20,000; such a description as that you have given, Mr. Crocket, would turn the whole thing into a farce.

Q. Well, I saw a section of it and across the top of it was 60, with one acute accent over it, does not that signify feet?—A. Yes, it usually does.

Q. And two accents signify inches?—A. Yes.

Q. That is what I saw.—A. Would not that be the angle of the slope, 60 degrees.

Q. Was that it?—A. It may have been.

Q. I took it to be feet, and it seemed to me to be an immense cut.—A. That would be  $1\frac{1}{2}$  to 1 slope, which was utterly absurd.

Q. Well, that may be, but that would account for the excavation?—A. No, it would be absurd.



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Q. That would bring the schedule in in a pretty good way.—A. No, I do not think they would have  $1\frac{1}{2}$  to 1 slope for a sewer pipe.

Q. There is one question in connection with one of these buildings, I think it was the Charlottetown engine-house; there was a paper produced here the other day with an asterisk beside one of the tenders, and the foot note said that this tender was received too late?—A. Yes, that often happens.

Q. But there was no asterisk opposite the tender to show which tender that referred to?—A. The asterisk would identify it.

*By the Chairman:*

Q. The asterisk was omitted in copying.

A. (Producing schedule) You see here is an asterisk here, is that the one you are referring to?

*By Mr. Crocket:*

Q. Where is the result of that tendering?—A. That tender was so high that it did not affect the matter anyhow.

Q. It does not matter, he was high anyway. Who opened these tenders?—A. They are opened by Mr. Jones, the secretary of the department, and Charlie Ross, the chief clerk in my office.

Q. All the tenders in the Railway Department are opened by Mr. Jones and Mr. Ross?—A. Yes.

Q. Do they money out the schedules?—A. The superintending engineer, or the engineer in charge of the work and who is responsible for it, is asked for the quantities needed in order to enable him to figure out the tender, that information usually accompanies the plan.

Q. After the receipt of the tenders do they do that?—A. No, they are sent in—

Q. They have them in advance?—A. They get them ready so as to have them here about the time of the receipt of the tenders.

Q. Do the tenderers have the advantage of these estimates?—A. No, they do not have any advantage from them.

Q. Except in so far as they appear on the plans?—A. We have the express provision that in no case is the contractor to rely upon the government for any information in his tender.

Q. These tenders are opened by Mr. Jones and Mr. Ross?—A. Yes, sir.

Q. And they money out the schedules?—A. Yes.

Q. Is Mr. Jones an engineer?—A. No, Mr. Jones is just attending to the technical part of seeing that there are two persons present when the tenders are opened.

Q. Does Mr. Ross do the moneying out of the tenders on the basis of the quantities furnished in advance by the engineers?—A. Yes.

Q. It is Mr. Ross does that?—A. Yes.

Q. Are they submitted to you?—A. Then they are brought in to me and I check them over and bring them before the minister.

Q. Do you money them out for yourself?—A. Yes, I always check the multiplication myself, personally, and this was opened in the usual way. As soon as the information is prepared and brought to me I take that file before the minister just as you see it, and in this case the minister was Mr. Emerson, and he accepted it.

*By Mr. Kemp:*

Q. Who makes out these estimates for this work on the Intercolonial Railway, the engineers at the head office or at Moncton?—A. At Moncton.

Q. You complained in your evidence some time ago that they are rather under the amount?—A. Yes.

Q. And although the engineers at Moncton have nothing to do with the recommending of alterations they sometimes do so to the extent of \$10,000?—A. Yes, sometimes they do.

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Q. And you condemn both these?—A. Yes, I have intimated to them that in all future estimates I want them to carry the quantities out so as to be on the excessive side, so that the work will cost less rather than more than the estimate.

Q. The practice has been to have it under?—A. Always under.

Q. They are rather careless?—A. No, it is done in good faith. It is simply that a man always wants the work to go as low as possible.

Q. He is anxious to have the work done?—A. He is anxious to have the work done and to have it show as low as possible.

*By Mr. Crocket:*

Q. About the sewerage and water systems have you been advised that a large section has caved in?—A. I saw something in the newspapers.

Q. Who bears the loss of that?—A. I cannot tell you.

Q. Under that arrangement?—A. I cannot tell you anything about it. I do not even know that it is a fact. There has been no report from Moncton about it.

Q. I saw it in a Moncton paper. It has not been reported to the department?—A. It has not been reported at all.

Witness discharged.

Committee adjourned.

#### HOUSE OF COMMONS.

COMMITTEE ROOM No. 32.

OTTAWA, THURSDAY, July 2, 1908.

The committee met at 3 o'clock p.m. Mr. Duncan Finlayson presiding and proceeded to the further consideration of a payment of \$63,376.05 and sundry other payments to Mr. E. A. Wallberg.

Mr. E. A. WALLBERG recalled.

*By Mr. Crocket:*

Q. Did you bring those papers with you as the summons directed?—A. I have got some of them. I haven't got all the papers here, you know the papers are down on the work.

Q. What have you got?—A. What papers would you want?

*By the Chairman:*

Q. What papers were asked for? They are not specified?—A. You see this takes in the books, etc., in connection with the Moncton work and they are down on the job you know.

*By Mr. Crocket:*

Q. Well, you were asked to bring those with you?—A. Yes, but there was no time to bring them from there.

Q. When did you get the summons?—A. I got it, that is it came to my notice, the evening of the day before yesterday.

Q. Well, I think the order passed for your attendance over a week ago?—A. Well, you see I was down east and I had no knowledge of it until I came back.

*By the Chairman:*

Q. Where was the summons sent to?—A. It was sent to Montreal, I think, that is where I got it.

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Q. And you were down east when it arrived?—A. Yes.

The CHAIRMAN.—I see it was sent to Montreal on the 26th of June, that was last Friday.

*By Mr. Crocket:*

Q. And you say you did not receive that until the night before last?—A. Yes, on Monday, that is right.

Q. Did you telegraph to Moncton for those papers?—A. No, I could not get them by the date I was summoned to appear here.

Q. And you have not written?—A. No, I did not write, I could not get them in time.

Q. When you were last before the committee for examination with respect to this matter, that is the water and sewage system?—A. Yes, sir.

Q. You were asked then to bring these papers with you, and you promised to bring them, didn't you?—A. I think not, Mr. Crocket, I have no recollection of that.

The CHAIRMAN.—There were no specific papers mentioned.

*By Mr. Crocket:*

Q. Well, the plans and all the correspondence in connection with that work, that is the sewage and water system, and the accounts, the time books and all that, you remember being questioned about the number of men that were employed on the work?—A. I remember being questioned something about that.

Q. And you said you could not give the committee any definite idea without the books and papers?—A. Well, I could not give them much idea if I had them.

Q. At that time, Mr. Wallberg, it was intimated to you that you would be further examined, and I understood that when you returned you would have those papers with you, irrespective of that order altogether?—A. I do not think it was intimated to me. I understood you asked me when I was here before, all the questions you wanted to ask me on those subjects.

Q. And it was agreed that you were to come back in a month to give us the information?—A. In a general way it was said I might be recalled in a month, that was Mr. Boyce's statement.

Q. Well, while you are on it I will ask you just what position that work is in now?—A. As far as I know there is none of it going on. I will not say that it is absolutely completed, there may be some small parts that could not be got at but the very largest part is done, and has been for some time.

Q. The largest part of it you say is done and has been for some time, but the work is not yet completed?—A. Well, I do not consider anything as being completed until it is absolutely passed you know.

Q. Well so far as the work is concerned are you done with it?—A. Well, I think so. We are not doing anything on it, and we have not been ordered to do anything on it. I think it is completed.

Q. Still you could tell the committee definitely whether it is completed or not, you undertook to build it, did you not, and to complete it?—A. Oh, yes, but you see—for instance at a manhole, or something of that kind, or some part, there may be a couple of pieces of pipe or something that could not be put in for some reason or other, there may be some little thing like that that would have to be done after the other part has progressed so far along that it could be done, but apart from little things like that the main part of the work has been done for some time.

*By the Chairman:*

Q. It has not been taken over?—A. It has not been taken over, no.

*By Mr. Crocket:*

Q. How long is this system, how far does it extend from the building?—A. The main sewer itself?



Q. Yes?—A. The main sewer is 2,880 feet.

Q. And what is the diameter of the sewer itself?—A. It is almost oval, but it is about  $3\frac{1}{2}$  feet, 3 to  $3\frac{1}{2}$  feet.

Q. And you say it is 2,000 feet long?—A. The main sewer, yes, sir.

Q. And the diameter of the sewer?—A. Inside?

Q. Yes?—A. 3 to  $3\frac{1}{2}$  feet if I remember.

Q. And that is made of concrete?—A. Yes, sir.

Q. Can you give the committee any idea of how much excavation you have done on the sewer?—A. I cannot give them any idea of that, no.

*By Mr. Reid (Grenville) :*

Q. When you say it is of concrete, is it built in concrete there, or is it built of those concrete sewer pipes that are made?—A. No, it is built in place, the concrete is poured in, it is not those pipes.

Q. That is what I mean, it is not built of concrete pipes?—A. No, it is not the pipes.

*By Mr. Crocket :*

Q. Can you give the committee any idea of the quantity of excavation?—A. I cannot give any idea of that, no, of course I do not know—

Q. How deep did you excavate for the sewer?—A. Well the depth ran, of course it is somewhat varying, up to about 23 feet, I think.

Q. To about 23 feet?—A. Approximately so.

Q. Would it average 20 feet?—A. It might.

Q. For 2,880 feet it might run about 20 feet?—A. It might average that perhaps.

Q. What would the width of the trench be?—A. The trench at the bottom is about 8 feet.

Q. And at the top?—A. At the top? It is sloped up slightly. The top would be with the varying depth perhaps, or it may have been 14 feet or so, at the deepest place, or something very close to it.

Q. Did you plank the trench up?—A. No, the side sloped out so as to prevent that planking, because—

*By Mr. Ross (Cape Breton) :*

Q. It is clay?—A. Yes, that would avoid the expense of planking, that is why it was done.

*By Mr. Crocket :*

Q. Because of the character of the soil there?—A. Yes.

Q. Well, ordinarily, a trench like that would require planking, you could not lay work of that kind with an opening of 10 or 15 feet in width of that depth without planking ordinarily?—A. No, you could not, but this is tremendously hard stuff.

Q. So you had not to do any planking on the trench on either side?—A. Generally speaking, no, except I suppose there was a little bit done where it showed indications of dropping in.

Q. Now, Mr. Wallberg, I would like you to state just under what arrangement you built that sewer?—A. Well, the general arrangement is that we are to do it at the cost of the work plus 15 per cent for our plant, equipment, piping, machinery and everything in the way of equipment that wears out, and on that we get nothing, all that is covered in the 15 per cent; that is the general arrangement under which we are doing it.

Q. That arrangement was made with whom?—A. With Mr. Mackenzie.

Q. Had you any writings of any kind with Mr. Mackenzie?—A. No, there was no written contract covering it.

Q. The arrangement was entirely verbal?—A. Well, it was, apart from the plans

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that had been furnished us for it by him. Of course when we received plans we considered that as an authority.

Q. But apart from the plans the arrangement was not in writing?—A. Was not put in writing.

Q. It was made by Mr. Mackenzie with you verbally?—A. Yes, sir.

Q. Were there no specifications?—A. No, this is a work that is hardly the subject for specifications, it is a question of plans.

Q. Well, were there specifications or not?—A. No, there are not.

Q. There are not specifications but there are plans?—A. Yes.

Q. And those plans were submitted to you, were they, before you made the arrangement with Mr. Mackenzie?—A. Well, they were handed to us.

Q. Did you see the plans before you began the work, or not?—A. Oh, yes, I did.

Q. And did Mr. Mackenzie give them to you, or from whom did you receive them?—A. From him.

Q. From Mr. Mackenzie?—A. Yes.

Q. When he gave you the plans did he ask you to make your proposition for the work, or did he ask you for a price, or upon what terms you would be willing to construct the work?—A. I do not remember just what he asked me; it is pretty hard to remember a conversation, but the result was, of course the arrangement of 15 per cent, which is usual and universal I believe.

Q. I am not discussing that; what I wanted to know is whether Mr. Mackenzie asked you when he submitted that plan to you, for a price or for your terms of construction?—A. He must have asked me for my terms, but I cannot say that, I do not remember anything about that conversation.

Q. You do not remember?—A. No, sir.

Q. Then you do not remember whether it was Mr. Mackenzie proposed these terms which were agreed upon in the first instance or whether it was you made the proposition?—A. I do not remember that.

Q. But you are certain that there was a definite set of plans in connection with this work which was given to you by Mr. Mackenzie before the arrangement was entered into?—A. Yes, there was.

Q. Now, did you have any conversation or communication of any kind with the deputy minister or with any other officer of the department than Mr. Mackenzie himself before you entered on that work?

The CHAIRMAN.—That is about this particular work.

*By Mr. Crocket:*

Q. Yes, about the sewage and water system?—A. I do not believe I had.

Q. You will remember when you were first examined in regard to this matter you told us the arrangement was made with Mr. Mackenzie and Mr. Butler?—A. Well, I did say that in the first testimony, but there were a good many questions asked me and it is pretty hard to remember exactly; since thinking that over I am sure I was mistaken in that.

Q. And that the only person you knew as representing the government or the Railway Department in this matter was Mr. Mackenzie?—A. That is correct.

Q. Yes. Now, when you were before the committee last time you were unable to give the committee any idea whether you had 20, 30, 40, 50, 60, or any definite number of men employed.

The CHAIRMAN.—That is working on this particular job.

*By Mr. Crocket:*

Q. Yes, working on the sewage and water system. Are you in any better position to-day to give us the information on that point?—A. I do not think so, I do not know anything more about it to-day than I did then.

Q. You come back here to give evidence before this committee to-day knowing

that you were not able to answer certain questions that were put to you the last time you were here, without being able to give the committee any more information as to the number of men that were employed?—A. Well, you see—

Q. Is that right?—A. That is correct.

Q. You have been at Moncton since your previous examination?—A. Yes, for a short time.

Q. Did you see this work in progress?—A. No, sir, it was not in progress then.

Q. How many times have you been in Moncton since your last examination?—A. Oh, I have been several times there.

Q. How long would you be in Moncton. I mean on each visit, how long do you usually stay in Moncton when you go there?—A. Sometimes it may be a day or two, and sometimes I have to go right through, if I am wanted down farther; lately I have been pressed very much when I have been down there and I have not had time to look into anything on account of the fact that there has been a great deal of time consumed at this end, as you know, for various reasons, and my work has been pressing a great deal down there, and the same with other important matters; you are partly responsible for that position of affairs.

Q. Partly responsible for what?—A. For keeping me here a good deal—however. I am not complaining about that.

Q. You cannot tell us how many men are employed on that work?—A. I have not had a chance to look into the thing at all since I was here.

Q. Who was the foreman in charge of that particular work?—A. Mr. Nicholls.

Q. And have you no communication with Mr. Nicholls since you were examined in regard to the condition of that job?—A. Oh, yes.

Q. And have you never asked him how many men were employed?—A. No, I have not, you see—

Q. And you say that sincerely?—A. I do, I state that—

Q. That you have no idea of the number of men?—A. I have said that, and that is a fact.

Q. When you were last examined you told us it would take some considerable time yet to complete that job?—A. Perhaps I did say that.

Q. Was that not correct?—A. Yes, that was correct, because it is not completed—in the sense of having the engineer's acceptance—yet.

Q. And has Mr. Nicholls been employed continuously since that time on that work, on the sewage and water system?—A. No, he has not; in fact his whole time has got to be paid by me out of that 15 per cent.

Q. You say that he has not been employed continually on that work?—A. No, he has not.

Q. Well, on what other work has he been employed?—A. On the general contract work.

Q. He was foreman for your general contract work then?—A. Yes.

Q. And he also was the foreman for this work?—A. Yes, he was foreman for this work.

Q. And you do not know how much time he has devoted to this work and how much to the other?—A. Well, you see, he is general foreman, and general foreman comes under the head of superintendence, and superintendence is covered in my profit, as you would call it, or commission of 15 per cent.

Q. I want to know now what was Mr. Nicholl's position? Was he general foreman for all your works proceeding at Moncton?—A. Yes.

Q. That is he was the foreman you say that supervised the construction of this sewage and water system?—A. Yes, as general supervisor, you understand.

Q. And that work went forward concurrently with the contract work?—A. Yes.

*By Mr. Ross (Cape Breton) :*

Q. Just one moment there, does the government pay this foreman's time checks?—A. No, the government does not pay him.

Q. He was your own foreman paid by you?—A. Yes.



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*By Mr. Crocket :*

Q. How many other men were employed in about the same way, that they were working on this sewage and water system, and at the same time were working on your other contracts ?—A. He is about the only one.

Q. There were no superintendents under him ?—A. Yes, there were, but they were only on that work.

Q. There were superintendents under him ?

*By the Chairman :*

Q. That is, I suppose they are really foremen ?—A. Foremen under the superintendent.

*By Mr. Crocket :*

Q. I mean the superintendents on that work in your employ ?—A. No, he was the only superintendent.

Q. He was the only superintendent on that work in your employ ?—A. Yes.

Q. Was the bulk of that work done last season or during the present season ? Of the work that has been done up to the present time was the bulk of it done last summer or fall, or this year ?—A. There was none done last season.

Q. There was more done last season ?—A. Yes, sir.

Q. Than during the present season ?—A. Yes, sir.

Q. And how much have you received from the government under that arrangement with Mr. Mackenzie ?—A. I have not received anything.

Q. You say you have not received anything ?—A. I have not received anything.

Q. And that work has been in progress since, I think you told us on a previous occasion, June or July of last year ?—A. That is correct, they said they would not pay until the work was done.

Q. And you have received nothing ?—A. No, sir.

Q. Have you billed the government for it ?—A. No, I have not billed them, Mr. Mackenzie stated that the work must be completed before they will pay for it.

Q. He said that the work must be completed before they will pay anything on account of it ?—A. Yes, sir.

Q. Did you ever present any progress estimates ?—A. No, I have not.

Q. To Mr. Mackenzie ?—A. No, I have not.

The CHAIRMAN.—That would not be progress estimate work, it is not contract.

*By Mr. Crocket :*

Q. Yes, progress estimates apply only to what is strictly contract work ?—A. I have not presented any bills because I knew of that condition.

Q. How long since you knew of that condition ?—A. Oh, since the early progress of the work.

Q. Was that understood by you when you entered upon the work ?—A. No, I do not think it was.

Q. How long afterwards was it before you found that out ?—A. That was when the work was so far advanced that I thought we might have an estimate on it. I believe at the time I spoke to Mr. Mackenzie about it. I brought it up, and he would not allow anything.

Q. He would not allow anything ?—A. Not at that time.

Q. Did you present any bill to him ?—A. No, sir, I did not.

Q. At the time that you had this conversation you have spoken about ?—A. No, sir.

Q. And you have not presented any bill to Mr. Mackenzie in connection with this work down to the present time ?—A. No, sir.

Q. When you made this arrangement with Mr. Mackenzie, I think you have already said that you do not recollect the conversation that took place between Mr. Mackenzie and yourself ?—A. Yes.

Q. Can you remember if Mr. Mackenzie asked you for any estimate at all?—A. I can't remember anything about that just now.

Q. You said your memory has completely failed you in reference to the conversation with Mr. Mackenzie?—A. Well, it is pretty hard to remember the conversation, I do not remember about that, I am not sure.

Q. So that you are entirely dependent then upon Mr. Mackenzie's memory to establish any claims you may have against the department, are you?—A. No, I do not know that I am; I think that the department would always treat the matter fairly, I have not been very suspicious about it.

Q. You say that it was an entirely verbal arrangement that you had, there was no writing embodying the terms?—A. I consider that the arrangement for 15 per cent is practically a standard for any day's work done for the government, I never questioned it, perhaps I was a little slow in not doing so but I didn't.

Q. You remember the terms of the contract?—A. Yes, of course I remember that that is in our contract, 15 per cent for day's labour, &c., and I have carried out a great many contracts with that clause in them.

Q. Yes, but there was no written contract embodying the terms, and you have told us that you have forgotten entirely what took place in that conversation.—A. No.

Q. That is a verbal contract and you have to establish that by the recollection of what was said by Mr. Mackenzie on the one part and what was said by you on the other?—A. I think that is admitted on both sides, that it is a 15 per cent, if it had been another percentage then there might have been some question about it and I might have a hard time to prove it, but the 15 per cent is the usual rate.

Q. But I am not asking you that now, I want to see what you recollect in reference to that arrangement and you told me a little while ago that your memory completely failed you with regard to the conversation between yourself and Mr. Mackenzie?—A. No, no.

Q. Just one minute. If your memory has completely failed you, you are at a loss to establish any claim against the government at all?—A. Mr. Crocket—

Q. That is so far as relates to what the terms were?—A. Mr. Crocket, no, it was regarding this: you asked me if Mr. Mackenzie had proposed to me any other arrangement, as to whether he had asked me for a price on the job. I do not have any recollection of him asking me for that.

Q. Yes, and didn't you tell me, I asked you further as to whether Mr. Mackenzie had asked you for any estimate of the cost and you said you did not recollect?—A. No.

Q. And then I asked you if your memory completely failed you and you said, yes?—A. Well, on that point, I mean, I do not mean to say I have no recollection of anything in connection with that matter, but I do not believe he asked me for any price on the job; that is what I meant to convey.

*By Mr. Chisholm (Antigonish):*

Q. Have you any doubt in your mind as to their being an understanding between yourself and Mr. Mackenzie as to your doing the job on this basis that you have stated?—A. There is not the slightest doubt of it.

*By Mr. Crocket:*

Q. You were to supply all the men that should be required?—A. Yes.

Q. And you were to supply all the material, were you?—A. On the sewer?

Q. Yes, on the sewer?—A. Yes.

Q. And you were to be allowed the cost plus 15 per cent?—A. Yes.

Q. 15 per cent being your profit?—A. For the use of my equipment, &c.

*By Mr. Reid (Grenville):*

Q. What equipment would you want there?—A. Why, I have concrete mixers and the tools that the men use.

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Q. Shovels?—A. Shovels and about a half a mile of pipe line, wagons, carts and horses and harness, and all the wear and tear.

Q. But these are not your own horses and carts, you paid so much a day for them.

*By Mr. Crocket:*

Q. And what else?—A. Well, we will say in a general way that represents it.

Q. You say then you used your horses on this work?—A. Yes.

Q. These horses were used also upon the contract work?—A. Not at that time.

Q. Well, all this equipment that you have been speaking of, these shovels and wagons and the horses were all upon the ground in connection with the contract work, were they not?—A. Yes, they were on the ground, yes.

Q. You did not take these things specially there for this work, they were there in connection with the contract work?—A. Yes.

Q. Which was proceeding at the same time?—A. They were there, it was the use of my equipment.

Q. And you were to receive an advance of 15 per cent for the wages you paid the men and 15 per cent upon all the materials that you should buy or put into the sewer?—A. That is right.

Q. And Mr. Nicholls, you say, was the only foreman, or the foreman that had supervision of this particular work?—A. He was the superintendent.

Q. There was no other superintendent?—A. No, there were foremen but no other superintendent.

*By Mr. Ross (Cape Breton):*

Q. Was there a government engineer checking the work done and the wages paid?—A. Oh, yes, but I am referring—

The CHAIRMAN.—He is talking about his own end of the work now.

*By Mr. Crocket:*

Q. Then you call Mr. Nicholls a superintendent?—A. Yes, sir.

Q. Were there foremen of yours under him?—A. Yes.

Q. Who were the foremen?—A. Well, there were several.

Q. Several foremen?—A. Yes, sir.

Q. Can you give their names?—A. No, I can't.

Q. Well, when you say several do you mean half a dozen?—A. I mean probably three or four.

Q. Three or four and what would their duties be?—A. Well, one would be in charge of the concrete gang perhaps, one would be in charge of the carpenter gang and—

Q. Was there a carpenter gang in connection with this work?—A. Oh, yes, the forms have to be made for the contract and they are wood you know.

Q. And a foreman in charge of what else?—A. Of excavation probably.

Q. Any other that you can think of?—A. No, that would represent the foremen, perhaps, in a general way.

*By Mr. Ross (Cape Breton):*

Q. Your men would be distributed along the line?—A. They would be distributed, yes.

Q. Divided into gangs?—A. Divided into gangs.

*By Mr. Crocket:*

Q. Were any of these foremen employed on your contract work?—A. No, sir.

Q. Are you sure?—A. Oh, I am sure.

Q. You are not able to give their names?—A. No, but we had a special gang for the sewer.

Q. Had any of these men been employed on the contract?—A. I don't say but



what possibly some of them may have been re-employed for the contract work after the work on the sewer had closed, but—

Q. And before the work on the sewer had begun?—A. I won't say that positively.

Q. But as a matter of fact were they not just taken out of your contract staff there?—A. No, they were—

Q. Were any new men brought in for that particular work?—A. They were—some of them were new men, I won't say all of them.

Q. I am speaking of these foremen?—A. That is who I am speaking of.

Q. These foremen who were brought in new?—A. There was a man in charge of the excavation that was hired particularly for that work, two men I believe—I cannot give you their names.

Q. You cannot give their names?—A. No, I don't know their names.

Q. Give us the names of the other foremen that were transferred from the contract work to the sewer work?—A. Well I don't know the names of the foremen. You see I do not come into contact intimately with these men.

Q. You know the foremen?—A. My superintendent, you see hires those entirely.

Q. You would receive for that superintendent his wages plus 15 per cent, under your arrangement with Mr. Mackenzie?—A. For the superintendent?

Q. Yes, for the time that he put in on this work?—A. Well if he put time on that work that would be part of the cost of the sewer on which I would get—

Q. Did you not tell us that he was supervising that work?—A. Yes.

Q. And have you any doubt as to whether or not he would come under the terms of your arrangement with Mr. Mackenzie?—A. Yes, I have.

Q. You have doubts? What about the foremen?—A. The foremen would come directly on that job, there is no doubt about that.

Q. That is to say you expect to receive from the government their wages plus 15 per cent?—A. Undoubtedly. They work 10 hours a day right straight along every day.

Q. Now how many men were employed? You have got a superintendent and you say at least four foremen. How many men were employed?—A. I wish to explain that statement in saying that four foremen would not be used throughout the whole construction because there would be a lot of excavation work, perhaps, that would be done before any concrete work would be done, and, of course, the concrete gang would not exist nor the concrete foreman or anything of that kind and so on.

Q. So the first foreman that would go to work there would be the excavation foreman?—A. Yes.

Q. Do you remember if you took him off the other job?—A. I don't remember.

Q. Well then the concrete foreman would come in after him. Do you remember if you took the concrete foreman off the other job?—A. I would not like to say.

Q. You would not like to say?—A. No, I don't remember about any of those foremen.

Q. You don't remember about any of the foremen as to whether you took them off the other job or not?—A. I knew in a general way of course we would have to have a foreman for each class of work, that is as far as I knew.

Q. Now as to the number of men, Mr. Wallberg?—A. I cannot give you anything further on that because I don't know.

Q. Have you any idea?—A. I gave you my idea the last time as close as I know it.

Q. Well what was that?—A. Why I think I said something about 30 men.

Q. You say about 30 men?—A. Well some days.

Q. Were all the horses that were employed on that work your horses?—A. Yes, sir.

Q. That you had been using on the contract work?—A. Yes, sir.

*By Mr. Reid (Grenville):*

Q. Owned by you, Mr. Wallberg?—A. Yes, sir.

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*By Mr. Crocket :*

Q. What are you charging for those horses?—A. Well I have not charged anything yet, I don't know.

Q. You do not know yet what you are going to charge the government per day for those horses?—A. No, I don't. That is what the government will have to fix, the rates. I don't control that, I have to take what they give me.

Mackenzie, does it?—A. Well there would be—why yes, I think so. I don't —

Q. That does not, strictly speaking, come under your contract with Mr.

Q. Or does that come under the 15 per cent? Were you to put the horses in for that?—A. Well, no, they could not any more than the men. But, Mr. Crocket, I am at the mercy of the Railway Department for matters of that kind. They are the ones who fix the prices and I can put in an exorbitant bill and it would not be entertained for a moment.

Q. I see. You are at the mercy of the Railway Department. I do not think it is worrying you very much?—A. Well, I hope they will do what is right. That is all I want.

Q. How many horses did you have at Moncton on these jobs?—A. Oh, well, I have altogether about 15 teams I think.

*By the Chairman :*

Q. That is altogether?—A. That is I have on my work altogether. I don't say they were all on this work because I don't know.

*By Mr. Crocket :*

Q. And they are down there now?—A. They are down there now.

Q. You had them all this season?—A. I have.

Q. How long would they be employed on the work?—A. Do you mean on my general work?

Q. No, on this sewerage and water system?—A. Well, they have not been employed there for a long time; I don't know.

Q. What would they be employed at, scooping?—A. Yes, scooping and hauling concrete, concrete materials and forms. You see where you have got some 2,800 feet long there is a good deal of transportation.

Q. And I suppose they would be transferred from your contract work to this work and from this work back to the contract work?—A. No, they would not. There were certain teams to go on the job and they go on that job, that is all.

Q. You are quite certain about that, that care was taken to separate the two works?—A. Well it is not left for us you know, there is supervision.

Q. You said you were quite certain?—A. What I mean is we are checked upon all these matters. It is not what we would like to do or anything of that kind which would prevail.

Q. How about the material? You made the concrete?—A. Yes, sir.

Q. You got the cement?—A. We got the cement, sand and materials, all materials.

Q. And you manufactured the concrete and constructed the sewer?—A. Yes, sir.

Q. Could you tell us how many men would be employed on that branch of the work?—A. Oh a concrete gang does not take many men. Well that is running intermittently and 12 or 15 men is a good concrete gang.

Q. And you have no idea as to the quantity of cement that was used?—A. Well you see the sewer has a definite cross-section so we can check that up a year from now as well as we can from day to day.

Q. If you have the number of feet of sewer?—A. Let me explain to you just now how that is: a sewer say of such a diameter, according to the cross-section plan, and it is of such a thickness. I can figure it absolutely accurately, any engineer can at any time, just how many yards of concrete there is in it without any mistake or error. So that would not necessarily have to be followed from day to day.

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Q. You say there were no specifications?—A. No, sir.

Q. What about the proportion of sand and cement?—A. There is a standard for that.

Q. Was that understood between you and Mr. Mackenzie?—A. Oh yes.

Q. What do you call it, Mix No. 1 or Mix No. 2?—A. I don't know it by that name. We call it 1-2-4 concrete. That is one part cement, 2 parts sand, 4 parts stone. That is the best concrete.

Q. You are not able to say then how many barrels of cement went into that work?—A. It can be figured absolutely accurately.

Q. At the same time you were making concrete for the buildings?—A. Yes, sir.

Q. And that would come in very handy would it not, to have this other work going right on on the same ground?—A. In what way, Mr. Crocket?

Q. It would come in very handy for you as the contractor to have the government putting in this cement to go into the sewerage and water systems that they were to pay for—it would be very handy to have that upon the ground at the same time that you were constructing these other buildings?—A. I see the point you are trying to make.

Q. When you were making cement for your contract work?—A. Mr. Crocket, that is why I tried to make an explanation. You mean now that it could easily be diverted don't you?

Q. Yes?—A. Part of the materials could have been diverted and charged to the government and used on my work?

Q. If you can imagine one being so evilly disposed it would be very easy would it not?—A. That is the point you want me to clear up, is it not?

Q. I am just asking you?—A. Well I know. I will explain that, in fact I tried to explain it a moment ago when I said that the government is not checking up every barrel of cement or every yard of sand or every yard of gravel unless they wish to because it will not matter; the yards of concrete are there absolutely. We know because we have the cross-section of the sewer and we have its thickness. We know how much concrete there is in that length of sewer. We multiply that by 2,800 and we have the exact quantity of concrete and that is what the government is paying for.

*By Mr. Ross (Cape Breton):*

Q. If one barrel of cement was diverted from that sewer to any other work it could be detected beyond question?—A. Certainly. There is not the slightest possibility of going wrong in that, Mr. Crocket.

*By Mr. Crocket:*

Q. Do you know that Mr. Butler, the deputy minister, admitted the material could be diverted if the inspectors were not honest?—A. Yes, but Mr. Crocket—

Q. Mr. Butler's attention was directed to that. What do you say about that? Do you say there is no possibility of that being done without detection?—A. I agree with Mr. Butler that if the men were all dishonest something could be diverted, but Mr. Butler can go down there a year from now and can produce an absolute check, or any other engineer in this country can produce an absolute check, on the amount of my bill for concrete.

Q. So far as the concrete is concerned—A. From the yardage that I have just explained and there is only concrete in it.

Q. Under this arrangement do you propose to bill the government for all the cement that you bought for that sewer or did the government supply the cement?—A. No, sir, I supplied the materials.

Q. You supplied the materials and have not billed the government yet?—A. That is right. They won't pay so what is the use?

Q. Did you take the material from the supply that you had on the ground for your contract work?—A. No, a carload would come in of cement. Say that would go on the sewer. Then that would be put in a shed in which we kept the sewer cement. A carload of sand would come in. That would be hauled out of the car with our



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wagons down to the point of the sewer where they were at work mixing. And with the gravel the same.

Q. I see. You had a shed then in which you put all the cement that was to go into the construction of the sewer?—A. We had to have that because, of course, the cement must be——

Q. You kept that one shed for the sewer cement?—A. Yes.

Q. Then did you keep another shed for the cement for the other work?—A. Oh we have got——yes, we have got a shed for every mixer.

Q. A shed for every mixer, what do you mean by that?—A. I mean for every concrete mixer. On our job we have got eight or nine. Alongside every mixer there is a shed which contains cement. When a carload comes in it is switched down to the shed. We have cement stored right there every day.

*By Mr. Ross (Cape Breton):*

Q. In this case would it make any difference whether it was all in one shed or not?—A. It would not make any difference.

*By Mr. Crocket:*

Q. I understand what you say?—A. You could not go wrong in it.

Q. Now about the sand. You get carloads of sand?—A. It applies to the sand the same as the cement.

Q. You did not set that aside, the sand for the sewer, separately from the others?—A. Carloads of sand come in practically every day. A carload is set at the most convenient point on the contract for unloading on the wagons that haul it to the mixer for the sewer. Now the sewer extended down a long distance—in fact it was on the other side of the track—so everything had to be hauled by wagon to the mixer which was down there. That car would be unloaded and the sand hauled to the mixer and dumped there.

Q. Where did you get that sand?—A. At Point du Chene.

Q. Was there no sand on the ground?—A. There is no sand.

Q. That was a pretty deep excavation there?—A. There is nothing that is suitable, concrete sand, as we call it, it has got to be absolutely cleaned and washed and coarse.

Q. And you were not able to get any sand on the ground?—A. Not for any of my work.

Q. Did you use any sand from that ground?—A. Not a particle.

Q. For the making of cement or concrete?—A. Not a particle, because there is clay in it, mixed in it.

Q. You were down 23 feet and you say there was no sand?—A. There it is a very hard boulder clay.

Q. You say that work is practically completed. As I understand you there are just a few odds and ends now to be done to complete the job. How much do you think it is worth?—A. Well——

Q. I should not ask how much it is worth but what is your estimate of the total cost?—A. I tried to answer that when I was here before and I am not in any different position from what I was then. As I explained to you a little while ago I have not gone into that work since.

Q. Have you talked with Mr. Mackenzie about this sewerage and water arrangement since you gave evidence here?—A. Yes.

Q. Shortly after you gave your evidence?—A. Well, I don't know just how long after. I have talked with him since about the arrangement.

Q. Do you remember if it was after he gave his evidence?—A. I don't know that. We have not had any lengthy conversations about it at any time.

Q. But you did talk with him about it, you told us that?—A. Oh, yes, we have mentioned that matter.

Q. And I suppose you talked with him about the lines upon which you had been examined and the testimony you had been asked to give?—A. I don't believe we dis-

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cussed that, I am not aware we did. That was pretty well in the papers and I suppose he read it, I don't know. I don't believe we discussed in detail the testimony here. I don't remember that we did.

Q. Was the evidence that had been given before the committee referred to at all in your conversation?—A. I don't remember that it was.

Q. Were you here the day Mr. Mackenzie gave his evidence?—A. I heard one part of it.

Q. You were here at the time. I think you were subpoenaed to come?—A. He had one day's evidence before I was here. He was here two days. I did hear the second day, I did not hear the first.

Q. And you would be about with Mr. Mackenzie in Ottawa before he left would you not?—A. Yes, I was.

Q. And you do not remember whether you talked with him in Ottawa about the evidence, the statements that he had made in this connection or the statements that you had previously made in the same connection?—A. Well my discussion was a good while before that. I don't believe we discussed that. I don't remember that we did.

Q. You do not remember that you discussed either the evidence that you had given or the evidence that he had given?—A. I think we had some conversation about his evidence but I cannot remember anything specific.

Q. Do you remember if you sought to correct him in regard to any statements he had made?—A. No, I don't think I did.

Q. You did not find fault with any of the evidence he had made?—A. No, I don't think I did.

Q. You did not find fault with any of the evidence that he had given?—A. Not that I remember of.

Q. Do you remember what Mr. Mackenzie's version was of this arrangement with you for the construction of the sewerage and water system?—A. Well, I thought it was practically the same as I have outlined it.

Q. That is you were to be paid for all the labour at its cost to you, and all the material at its cost to you plus 15 per cent?—A. Yes, sir.

Q. That is as you understood it?—A. Yes, sir.

Q. And that applied to the whole of the sewerage work?—A. That is as I understand it.

Q. And also to the water system?—A. Yes, sir.

Q. How do you know that Mr. Mackenzie informed this committee that the bulk of this work was being paid for under the schedule prices on your general contract?—A. Well I believe he did say that. I read his testimony very hastily to-day.

Q. You read his testimony?—A. Yes.

Q. And you believe he said that?—A. Yes, something to that effect. I believe he said that the upper portion down to the depth of the foundations practically was to go in under schedule.

Q. Under the arrangement he had with you?—A. Well I am not in a position to contradict his testimony.

*By Mr. Chisholm (Antigonish):*

Q. That is his understanding? Yours is another understanding?—A. Yes.

*By Mr. Crocket:*

Q. You do not recollect that being agreed upon, or do you?—A. I don't believe we discussed that phase of it.

Q. You do not believe you discussed that phase of it at all, and as far as your understanding of it was concerned the arrangement was just as you have put it, that you were to be allowed the cost for labour and materials plus 15 per cent?—A. That is the—

Q. That applied to the whole job?—A. That was my understanding.

Q. And you have no recollection at all, have you, of any conversation with

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regard to your being paid down to the ordinary depth—that would be a fact, would it?—A. About that.

Q. In regard to your being paid at the schedule prices under your contract and below that depth upon the basis of day's labour?—A. I don't remember that.

Q. Now your attention having been called to Mr. Mackenzie's evidence in that respect have you never discussed it with him since?—A. Not that phase of it.

Q. You never discussed that phase of it with him?—A. I did not read his testimony until to-day on that point and I did not know it in fact.

Q. You see Mr. Mackenzie very frequently don't you?—A. When I am in Moncton.

Q. You see him always when you go to Moncton?—A. Oh yes, every time. I have to see him. You see he is in charge of—

Q. You go there mainly for the purpose of seeing him don't you?—A. Well I could not say that exactly. I go to see my work, but he is in charge of the work and, of course, we have to discuss details very frequently.

Q. He is in charge of the work for the government?—A. Yes.

Q. And it is Mr. Mackenzie you submit your progress estimates to?—A. Yes, sir.

Q. And it is Mr. Mackenzie that certifies them?—A. Yes, sir.

Q. So that you are constantly in communication with Mr. Mackenzie with regard to all this work at Moncton?—A. Necessarily.

Q. And yet you say you do not remember ever having discussed with Mr. Mackenzie the statement that he made as to the bulk of this sewerage and water system being paid for under your schedule prices in the general contract?—A. No, I don't believe we discussed that. If I had read his testimony earlier perhaps I would have brought it up to him, but I had not. I did not read that until to-day.

Q. And you never read his testimony in that matter until to-day?—A. No, sir. I borrowed a copy this morning.

Q. Have you discussed it with the deputy minister of the department?—A. No, sir.

Q. Since Mr. Mackenzie's evidence?—A. You mean that phase of it?

Q. Yes?—A. No.

Q. Well have you discussed the matter of the sewerage and water system with the deputy minister at all?—A. Yes, I have.

Q. What did the deputy minister say about all this?—A. Well, he seemed to feel that the arrangement of 15 per cent for the whole excavation should prevail.

Q. When did he tell you that?—A. Well that is some time ago.

Q. Some ago he told you that, or gave you to understand that the arrangement that was made with Mr. Mackenzie should prevail, that you should receive this cost price of labour and material and 15 per cent?—A. That is what I understood from him.

The CHAIRMAN.—You may probably not have put that just as it should have been put. Mr. Mackenzie's idea was that it was partly schedule and partly force account. The witness says it was force account.

Mr. CROCKET.—The witness said the deputy minister thought this 15 per cent arrangement should prevail. What you mean, Mr. Chairman, is that against this plan, Mr. Mackenzie thought Mr. Wallberg should be paid partly under schedule?

The CHAIRMAN.—That is what I understood.

The WITNESS.—I did not mean that exactly. I don't think we discussed that other phase of it. That was Mr. Mackenzie's testimony and I don't believe we discussed that.

*By Mr. Reid (Grenville) :*

Q. Did the deputy minister mention anything about Mr. Mackenzie's arrangement?—A. I don't think so.



*By the Chairman :*

Q. From your standpoint you understood it would be all paid for at cost plus 15 per cent ?—A. That is what I understood.

*By Mr. Crocket :*

Q. I simply asked you if you discussed this matter with the deputy minister. You said 'yes.' I asked you what the deputy minister said and you replied that he thought the 15 per cent arrangement should prevail ?—A. Well I meant——

Q. Your version of Mr. Mackenzie's arrangement was discussed between you and you thought his idea was that the arrangement you have described should prevail as against the other ?

Mr. CROCKET.—I suppose that is what you meant, Mr. Chairman ?

The CHAIRMAN.—I did not mean that either. The way it appeared to me was that from Mr. Mackenzie's version a portion should be done under schedule and the other under force account. Mr. Wallberg's version of it was that it should be done on a 15 per cent basis. I assumed that when he discussed it with Mr. Butler he would discuss it from his own point of view that it would be on the 15 per cent basis. I do not mean that he and Mr. Butler discussed the 15 per cent.

*By Mr. Crocket :*

Q. At any rate the deputy minister did not object to the arrangement as you understood it ?—A. No, I don't think he did.

Q. And when you state that he said the arrangement should prevail, you understood that in his opinion it was all right ?—A. He said it should be put in writing. Apart from that he said the arrangement should be put in writing.

Q. Should be put or should have been put in writing ?—A. I suppose he meant that it should have been put, but as it had not been, it should be put.

Q. And that conversation took place some time ago ?—A. Yes, sir.

Q. Did you ask him about the payment of the bills ?—A. No, I had other bills there for which there was no money and I did not ask him particularly about that.

Q. And you have not since that time, and have not since the beginning, sent in any bill on account of this work ?—A. No, sir.

Q. I think you told us when you were here before that you kept separate accounts of this work on the sewerage and water system ?—A. Yes, sir.

Q. Who was your bookkeeper ?—A. Mr. Boggis.

*By Mr. Reid (Grenville) :*

Q. Do you keep books at Montreal ?—A. At Moncton.

Q. You keep books at Moncton for this ?—A. Yes.

*By Mr. Crocket :*

Q. Did you keep time checkers on the ground ?—A. Oh, yes.

Q. And how often would you receive those time checks, weekly ?—A. I did not receive them.

Q. Well, I mean down at Moncton ?—A. They were received daily.

Q. They were turned in every day ?—A. Oh, yes.

Q. Was there a time checker on this job ?—A. Yes.

Q. Separately ?—A. Yes.

Q. Was there the same time checker used on that work and on the other work as well ?—A. I am not sure whether he was used on the other work or not.

Q. You cannot say that ?—A. No, I cannot.

Q. And the books at Moncton that Mr. Boggis has would show the time that each man put on each particular work ?—A. Oh, yes, they show everything.

Q. Have you ever looked at those books ?—A. Not critically; I have seen them of course.

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Q. How often were the men paid?—A. Every fortnight.

Q. Every fortnight?—A. Yes.

Q. And the material would be paid for as it was received, I suppose?—A. The same as any other material.

Q. Were separate payments made for the sewerage and water system material?—

A. Not by separate cheques; for instance there is the cement company, we will pay a monthly account which might include some sewer shipments, and some for the general contract, but there are not separate cheques for them.

Q. I would like to know how much you paid out in wages to the men employed on that work?—A. I cannot tell you.

Q. Can you give me any idea?—A. It would be purely and simply a guess.

Q. Will you give us your best opinion?—A. I would not like to do that, because it would not be fair to either of us.

Q. It might not agree with the bill the government would have to pay?—A. It might not.

Q. Then you cannot give any idea as to how much money you paid out in wages to men employed on this work under this arrangement with Mr. Mackenzie?—A. No, I can not.

Q. Would it be \$5,000 or \$6,000 or \$10,000?—A. I cannot tell you and it is no use my guessing upon it.

Q. Can you tell me now whether it will be under or over \$5,000?—A. That I paid out altogether?

Q. In wages?—A. It will be over \$5,000.

Q. It would be over \$10,000?—A. I am not going to guess at it.

The CHAIRMAN.—I do not think it is fair to press the question.

A. It would not be right either, it would not give any reasonable information because I do not know and the guess is nothing.

*By Mr. Crocket:*

Q. And you say you haven't put in a bill for any of this?—A. No, I have not.

Q. Although the work has been in progress for over a year?—A. I told you my reason.

Q. Which was that you understood from Mr. Mackenzie that they would not pay until the work was done?—A. That is what he stated positively.

Q. Just tell me what you have to do to complete the work?—A. I told you in the early part of this evidence just as close as I could get to it. There may be some small matters here and there.

Q. How long have they been standing?—A. Some of them are taken care of from week to week as they come up.

Q. So you do not appear to have felt the stringency, that most of us have been complaining of for the last year, very much?—A. You can't always tell.

Q. As you understand it you can get all this money from the government as soon as you get this work completed and all these little odds and ends attended to?—A. Well, you know some of it cannot be done—

Q. And you know when they are completed you are entitled to your money?—A. Of course there are some matters that cannot be done at the time the other work is, but have to be delayed for some reason or other until some other portion of the work is completed. If we do it before the other work is completed we will have to do it over again, and therefore have to wait.

Q. How much are you expecting to receive from the government under this arrangement with Mr. Mackenzie?—A. The cost plus 15 per cent, whatever that proves to be.

Q. Is it going to be a matter of \$20,000?—A. You are drawing me again to get this in as evidence and I cannot give you that.

Q. Well, take it as a guess, if you will make an estimate we will take it as a guess?—A. I do not think it is fair to ask me to guess.

Q. Are you able to say, as a practical person responsible for the work, whether it is likely to cost \$10,000 or \$20,000 or \$30,000 or \$40,000; which of these sums in your judgment, as contractor, would you say would be nearest the amount that the country is to pay for this work?—I cannot say that.

Mr. CHISHOLM (Antigonish).—I submit that the witness should not be asked to give a guess of that kind.

The CHAIRMAN.—I think it is not fair to press the question.

*By Mr. Crocket:*

Q. Mr. Wallberg has this contract to put all these concrete buildings on that ground, and Mr. Wallberg has been authorized by Mr. Mackenzie to build a sewerage and water system which he himself said the last time he was before the committee would cost about \$20,000, and that was authorized under a verbal arrangement?—A. Well, it is not, Mr. Crocket, it may be a verbal arrangement, but instructions were there, definite, as to the work to be done because there was that plan furnished us.

*By Mr. Reid (Grenville):*

Q. Mr. Wallberg, you stated that you keep a separate account in your ledger for each and every work and contract that you have with the government, is that right?—A. Yes, that shows the payments on the contract.

Q. On the special work?—A. On each contract.

Q. On each contract or work, it is just the same?—A. Yes, sir.

Q. You made arrangements with Mr. Mackenzie by which you were to be paid 15 per cent over and above the amount you expend on this sewerage system, is that right?—A. Yes.

Q. Then your ledger shows how much you have paid up to date on that work?—A. No, sir, it would not show that. The ledger is only to show what the price and the moneys deposited with the government on the contract are, and the payments received.

Q. But you have some place in which you are keeping an account of the total amount you are spending each week on this work. You have some books which show that, have you not?—A. No, I have not, I have the detailed records but I have no summation that would show that.

Q. You have no summation?—A. Nothing that would enable me to give you any more information than I have; but all the data is there.

Q. Do you mean to tell me that your bookkeeper in Moncton has instructions not to keep any summary or records which would give the total amount expended on that work up to date?—A. He has no instructions, but he is not doing it.

Q. Have you ever asked your bookkeeper how much has been spent up to date on that work?—A. I do not remember that I have asked him that.

not to keep any summary or records which would give the total amount expended on you have paid up to date on that work?—A. I do not remember.

Q. But Mr. Wallberg—?A. I do not believe I have.

Q. That is a fair and square question for you or any other man to answer?—A. I do not believe, Dr. Reid, that I have ever asked the question, because I know pretty nearly—

Q. We will have to get at the cost of that work, because if you cannot tell us your bookkeeper must produce it next week.—A. Yes, but, Dr. Reid, you see the time for it, day and date, and the amount, and everything is there.

Q. Mr. Wallberg you as a business man keep an account of all this work; I do not want to be unfair to you, but you must keep an account, any business man must know at the end of each month how much he is spending on each work, and therefore I am only asking you if your books do not show that; as I understand you to say you have no books that show a summary of this work month by month?—A. I tell you I have tried to get the expenditures on various buildings from my man there a number of times, but he simply tells me he will get it for me; he is overloaded with work, he has got all the work he can possibly attend to. The last time I saw him at



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Moncton I was afraid that he was going to break down under the strain he had so much to do.

*By Mr. Crocket :*

Q. Is that Nicholls?—A. No, Boggis, the bookkeeper. I cannot press him any harder than I have, there is lots of information I would like to get from him on my contracts, but I have not been able to get it because he is overloaded with work and I could not pile on any more.

*By Mr. Reid (Grenville) :*

Q. What I understand you to swear is that this bookkeeper has no books in which he is adding up the expenditure each week or each month on this work and that at no time can he tell you how much has been paid out up to date on it?—A. No, he cannot; if he had his work right up to date I could no doubt get such information.

*By Mr. Chisholm (Antigonish) :*

Q. He is away behind with his work?—A. He is months behind on his contract work, but I cannot stop him in the midst of the season to get what information I want on my contracts.

*By Mr. Reid (Grenville) :*

Q. Has he got it made up to a certain time?—A. No, he has not.

Q. Has he no record of the total amount?—A. No, he has all the data for producing it and it will be produced.

*By Mr. Ross (Cape Breton) :*

Q. It is simply that the books are not posted?—A. Not posted; they are working in the evenings right along to keep up with the work, and on a big construction job it is quite a strain on the man.

*By Mr. Reid (Grenville) :*

Q. When this arrangement was made with Mr. Mackenzie by which the government was to pay for everything and then you were to get 15 per cent, did Mr. Mackenzie put on a government representative as timekeeper?—A. Yes, sir.

Q. Was there a government timekeeper?—A. Yes.

Q. A timekeeper that was on there every day taking the time of the men?—A. Yes, sir, they have a check of everything.

Q. I mean did the government pay a government official to do that work?—A. Yes.

Q. And keep the time of the horses?—A. You are asking me just what instructions their chief gave them, I will not go into details, but I know there is such a man there.

Q. Government timekeeper?—A. A government man.

Q. I mean taking the time of the employees each day and keeping the time of the teams, horses, &c.?—A. Yes, sir.

Q. And keeping records of the quantities of the materials?—A. Yes, sir.

Q. And that goes in to the government office?—A. Yes, sir.

Q. And Mr. Mackenzie has a man doing that work there?—A. He has a man there.

Q. A man separate from yours?—A. Yes.

Q. What is his name?—A. Mr. Torrens; just how the work is divided between him and the other government men there, I cannot say.

Q. Is Mr. Torrens an engineer or anything of that kind?—A. He is the engineer.

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Q. Then what I understand from you is that Mr. Torrens is the man who goes around and takes the time of these men every day and sees that they are working?—A. I believe it is his duty. I am not saying positively because I do not know positively.

Q. I am only asking for information; has the government a regular timekeeper there?—A. They have a timekeeper there on the ground whose business it is to take the time and the material.

Q. And that is Mr. Torrens?—A. I think he does it, but I am not an authority on that, I do not know positively who the man is that actually does the work.

Q. Did you explain to Mr. Butler that you had no written contract with the government, only an arrangement with Mr. Mackenzie made verbally?—A. I think that probably came to his notice through Mr. Mackenzie's evidence here, I am not sure.

Q. And did he say he was perfectly satisfied that it should go on in that way?—A. He wanted it put in writing.

Q. Has it been put in writing since?—A. I believe they are arranging details now.

Q. But has it been put in writing since?—A. Not to my knowledge.

Q. And although that was some couple of months ago Mr. Butler has not asked you yet how much there was expended on that work?—A. Not a couple of months, it is only a short time ago; I have not heard from Mr. Butler on that subject.

Q. He has not asked you how much you have spent on the work, or demanded a statement of you as to how much has been paid?—A. I believe he did ask me, I am not quite certain, I believe he did ask me and I told him nothing was paid.

Q. Did he demand that a statement be furnished him?—A. I do not remember that he did.

*By Mr. Crocket:*

Q. You have not furnished that statement?—A. No, I have not.

*By Mr. Reid (Grenville):*

Q. As far as I can understand and figure this work out that excavation, I suppose—it is 2,800 feet long and pretty deep—as I figure it out there will be roughly speaking 60,000 yards, probably \$25,000 or \$30,000 for excavation alone.

*By Mr. Ross (Cape Breton):*

Q. What are you figuring it at per yard? What did you have in your schedule?—A. My schedule price was 58 cents per yard.

*By Mr. Reid (Grenville):*

Q. Then there is about \$30,000 for excavation alone? Is that about what you would say?—A. I do not know, I am not going to discuss that.

Q. As I understand it there is about \$30,000 for excavation. Now the sewer itself is worth just as much as the excavation I should say, that is roughly speaking, isn't that worth as much?—A. The sewer is a small item, that is the concrete part you mean.

Q. I mean the concrete part?—A. Yes, that is a small item.

Q. And the putting it in and the filling it up, the whole thing has to be filled up again, as I understand it, afterwards, so that roughly speaking it looks to me as though this is a contract of some \$50,000 or \$60,000; and this contract was given without any tender or anything of that kind in writing, is that right? It was simply given to you by Mr. Mackenzie.

*By Mr. Crocket:*

Q. Without authority from anybody. (No answer).

*By Mr. Ross (Cape Breton):*

Q. Was this a necessary piece of work to go on with?—A. Oh, yes.

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*By Mr. Reid (Grenville):*

Q. As the government was to pay the cost of this work plus 15 per cent, has Mr. Mackenzie, or have any of his officials, asked for a statement as to the amount you have paid out from time to time?—A. They have not asked that from me.

Q. They have never asked it from you; and Mr. Mackenzie has never even asked for a statement?—A. He has got a duplicate of it from his own men. I do not see why he should ask it from me.

*By Mr. Ross (Cape Breton):*

Q. Did he ask you for the scale of wages or has he got that?—A. He has all that. You can be perfectly sure that the matter will be handled absolutely right on the basis of that agreement. That you need not be sceptical about because you have to remember that out of that 15 per cent has to come the cost of supervision and a number of other charges so that there is not going to be a very large sum left for profit. The expenses that have to be charged up to that 15 per cent are such that it will not be by any means a very profitable piece of work and I would much rather be without it altogether.

*By Mr. Reid (Grenville):*

Q. The government paying for the supervision and everything absolutely paying for your foreman—A. They do not pay anything for the office staff or the supervision or anything of that kind.

MR. CROCKET.—Mr. Wallberg said he was very doubtful whether the superintendent was not entitled to be paid for his time on that work.

*By Mr. Reid (Grenville):*

Q. They pay a proportion of the time of the bookkeeper on that work?—A. I have a good many expenses that will come out of the little profit on that job. I have got a contract for such a plant as that at the present time with a private concern at 15 per cent, and I get my own expenses and everything in connection with the travelling and freights, etc., additional; and built mills last year for a private concern on a basis of 15 per cent and that is not anything that I will thank anybody particularly for, because it is the minimum percentage on which anybody can do his work and furnish equipment and supervision.

Q. Is it possible for you within the next week to get a statement of the amount spent to date on this work?—A. I would like to have it myself, but I think I have explained to you just the position; what am I going to do? If you can suggest any way I will be glad.

Q. Well, you say Mr. Mackenzie has the amounts, we will have to get him here.

MR. CROCKET.—Mr. Mackenzie could not state anything either when he was here, he conveniently came without his books.

*By Mr. Reid (Grenville):*

Q. Then we will subpoena him again to bring his books, that is the only thing we can do?—A. This can't yet be made up, and everything will be ready to produce for you in due time.

*By Mr. Crocket:*

Q. I have no doubt there will be more care shown about it than there would have been if there had not been this investigation?—A. They will be correct anyway, that is all we want.

*By Mr. Chisholm (Antigonish):*

Q. You were asked about the number of men employed when you were here before, you were not told particularly to make out a statement showing the number of men employed and the amount paid?—A. No, I was not.



Q. And you did not anticipate that these questions would be put to you to-day again?—A. No, I did not anticipate anything of that kind.

Q. Was there any particular reason why this work could not be put up by tender, I understood from Mr. Mackenzie there was?—A. There were various reasons. There is no reason why it could not be put up for tender, but there is every reason why another contractor could not have come in and done that work.

Q. Why, give us the reason?—A. Well, in the first place I have it in my power to make that contractor lose any amount of money if I should want to do so, that is if I would not put myself out to avoid it, because I control the ground above. I had to have that drain and the men working right in among my work, you can understand that he could never get out at any reasonable price, because I could not be expected to spend a whole lot of money in order to allow him to clear himself.

Q. And it would mean endless friction between the other contractor and yourself?—A. Endless friction.

Q. And endless annoyance for the government trying to adjust these quarrels?—A. No doubt there would be continual quarrels, and he would have to be bringing in machinery, teams, wagons, mixers and everything that I used on the job, and that would be expensive.

Q. And he could not possibly do the work at less than you are doing it?—A. He absolutely could not tender at a lower figure than I am getting.

Q. He would have to ask a much larger amount than what your figure will be if he had to bring in all this machinery and plant that you had on the ground?—A. There is no question about that. I might say that the city of Moncton a short time ago called for tenders for a sewer. There were people figuring on it from various places and my tender was away below any of them, and I have a larger percentage of profit in that than I have in this.

Q. And speaking as a contractor with years of experience, you have no hesitation in saying that Mr. Mackenzie and the department pursued a wise course in making the arrangement with you?—A. Certainly they could not have made any other arrangement.

Q. Is it the practice usually followed to do work on that basis?—A. There are millions of dollars worth of work being done by people who do work on a business basis under that arrangement.

Q. Is 15 per cent considered a high sum to pay?—A. It is the lowest I have ever heard of prevailing, and I have never taken any work of that kind myself at a lower rate.

Q. Do you know that they are paying 15 per cent on the Grand Trunk Pacific west of Winnipeg?—A. I have heard of it, but I do not know.

Q. It is generally believed to be the fact. I believe in a case of that kind that would be a very much more satisfactory way because the contractor would have his plant right on the ground there?—A. There is no doubt about that.

Q. So far as the 15 per cent is concerned, that covers the timekeepers?—A. The bookkeeper, yes.

Q. And staff of that kind?—A. Yes.

*By Mr. Crocket:*

Q. Do you say that the timekeeper is paid by you; you will bill the government for the timekeeper's time under that arrangement, will you not?—A. Not unless he gives his whole time to it.

Q. Certainly you bill the government for the time of every man engaged on that work?—A. Not where they are partially engaged, that is, if a man can look after that work in connection with other work, for instance a man like the bookkeeper who would not have to give all his time to it.

Q. I can understand the bookkeeper, but any man on that work there, I understood you to say, was to be paid by the government for the time he was occupied on the work.

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*By Mr. Chisholm (Antigonish):*

Q. For his actual work?

Mr. CROCKET.—Yes, then why do you say that the 15 per cent covers the time-keeper's time? That 15 per cent goes entirely to Mr. Wallberg.

Mr. CHISHOLM (Antigonish).—He has the bookkeepers and the office staff and the financing to pay out of that?—A. Yes, there the financing, too.

*By Mr. Chisholm (Antigonish):*

Q. Everything of that kind comes out of the 15 per cent, and your own time?—A. Yes.

Q. And all the risk that is involved in connection with the work such as damage to property, horses, and stock, wear and tear of plant, so that when that 15 per cent is reduced by the charges that you have to meet the amount left is very small?—A. It is as low as any contractor can do work for, there is no doubt about that. I have never heard of any contractor willing to do anything for less than that.

Q. Now you spoke of the price allowed for your horses. The government, I suppose, has a schedule rate?—A. They have a standard rate.

Q. And you are not afraid that they will allow you any more than the standard rate; no more, no less?—A. That is what they will allow me I presume.

Q. And when you said that you were at the mercy of the department you did not mean that they will harm you in any way?—A. Oh, no.

Q. Nor do you expect to be paid at a higher rate than is usually allowed?—A. No, just the same.

Q. In the conversation with Mr. Butler did you tell him that there was any difference between yourself and Mr. Mackenzie as to the arrangement made?—A. No, I did not.

Q. You merely discussed it with Mr. Butler as if the arrangement made was the 15 per cent arrangement?—A. Yes, sir.

Q. Now regarding the expenditure on the work, I think you said that Mr. Mackenzie could get that from your superintendent at Moncton, and that if Mr. Butler wanted to find out the amount he would not have to write you for it?—A. No, certainly not.

Q. That if he would write to Moncton the communication would go to your staff or the bookkeeper, you could not give the information yourself?—A. No, I could not.

Q. It would have to come from the office at Moncton?—A. Exactly.

Q. So there is nothing suspicious in the fact that he has not communicated with you since you were here before?—A. No, I don't know anything about that any more than he does.

*By Mr. Crocket:*

Q. You said that Mr. Mackenzie kept a timekeeper on this work from the beginning?—A. I believe that is correct.

Q. Can you tell me why Mr. Mackenzie would keep a timekeeper on the ground if you were to be paid down to the depth of 6 feet under the schedule?—A. Well, of course, you may understand that part of the excavation may go as surface excavation and another portion alongside would be deeper. I am not speaking authoritatively about Mr. Mackenzie or his arrangements.

Q. So you cannot tell us whether he has got the time checked up for the surface excavation or not?—A. He did not tell what his instructions were to his men. I am no authority on that.

Q. You spoke of Torrens as timekeeper. Did you say that Mr. Torrens was the timekeeper for the Railway Department?—A. Well, I might be mistaken in the name, but I thought so.

Q. I have forgotten whether you told Mr. Reid that Mr. Torrens is an engineer?—A. I know he is.

Q. Do you really think the department would be using engineers down there as timekeepers?—A. There is a good deal of other work that would have to be checked you know. There might be reasons for that. I would think so; I would think there might be reasons for it.

Q. Did they keep inspectors as well as timekeepers?—A. Oh, yes, they did.

Q. Was it understood between you and Mr. Mackenzie what the proportion of the parts of cement was to be?—A. It was, the proportions.

Q. Did they have an inspector to see that you were mixing the cement in the right proportions?—A. Yes, sir.

Q. Who was inspector?—A. Mr. Rindress. He is a—

Q. Is he on the permanent staff at Moncton?—A. He is a specially competent man on masonry and concrete and general construction. He is rather an elderly man and has been following that business all his life as far as I have learned.

Q. And that was his particular duty, was it in connection with this work?—A. Yes, sir.

*By Mr. Reid (Antigonish) :*

Q. The department will take its own figures, it won't take your figures, when it comes to settling up?—A. They will take their own figures undoubtedly.

Q. And they have always men there checking up the time and everything else?—A. Yes, sir.

*By Mr. Crocket :*

Q. Rindress was also inspecting your contract work?—A. Yes, sir.

Q. Do you know a man by the name of Stephens, or a boy by the name of Stephens?—A. I believe there was a young man by that name on the job.

Q. On what job?—A. On the Moncton contract.

Q. Was he engaged on the sewerage and water system also?—A. Not to my knowledge.

Q. And do you know what his particular duty was?—A. I don't know what that was except as an assistant, I presume. I don't know his particular duties.

Q. Was he an inspector or a checker?—A. He was not an inspector.

Q. He was not an inspector. Was he an engineer?—A. I cannot tell you.

Q. I want to be fair so I will just read what Mr. Mackenzie said. The evidence was given on the 5th of May and is to be found at page 139 of the evidence (reads):

*'By Mr. Crocket :*

*'Q. When you say he is closely watched, do you refer to your own vigilance?—A. No.*

*'Q. To whose vigilance do you refer?—A. That of my assistants who are put there for that purpose.*

*'Q. Who are they?—A. Mr. Torrens.'*

*Q. That is the man you referred to?—A. Yes, sir.*

*Q. And you say he is an engineer?—A. I understand so.*

*Q. (Reads) :*

*'Q. What is his Christian name?—A. Mr. G. C. Torrens.*

*Q. Of Moncton?—A. Yes.'*

*Q. Who else?—A. Stevens.*

*Q. What is his initial?—A. A. H. Stevens. Mr. Mackenzie said A. H. Stevens. Do you know what his initials are?—A. I don't know.*

*Q. (Reads) :*

*'Q. Are there any others?—A. There are two inspectors.*

*'Q. What do you call Torrens and Stevens?—A. Assistant engineers.'*

A. That is no doubt correct if that is what he stated. I know Torrens, at least I have always—well I had the knowledge that he was an engineer. I was not sure about Stevens.



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Q. You know Torrens and Stevens and know them very well don't you?—A. Yes, I have seen them, well each time I came there, of course, they are on the work.

Q. You see a good deal of them and know them very well?—A. Well I can't say very well. There are times when I go there on a job and leave the job and never see or talk a word to any of them.

Q. (Reads):

'Q. Who are the inspectors?—A. William Rindress.

'Q. Of Moncton?—A. At present residing in Moncton.

'Q. Who else?—A. Thomas Sefton.'

Q. Do you know all these men?—A. Yes, sir.

Q. Did all these men perform duty for the Intercolonial Railway in connection with the sewerage and water system as well as the contract work?—A. Well I understand they are there under those general instructions, Mr. Crocket.

Q. I see that Stevens, who is classed as an engineer, is put down among the general staff at 2 months at \$30 and 7 months at \$10. What do you think of that as compensation for an assistant engineer?—A. I think it is very low compensation for any man.

Q. Then Mr. Stevens is just a mere checker?—A. Well he has never, to my knowledge, handled anything that had to be decided or inspected or anything of that kind.

Q. Was Mr. Stevens one of the persons that certified or inspected the cement to see that the mixture was all right?—A. No, that was Mr. Rindress.

Q. You say that was done entirely by Mr. Rindress?—A. Yes, sir.

Q. And Mr. Stevens kept the time?—A. I believe Mr. Torrens did that.

Q. An engineer you say was put on to keep time?—A. Well he had a lot of other duties as well, of course.

Q. There is another matter in connection with the freight car repair shop. Is that work completed?—A. No.

Q. That is not completed?—A. Not absolutely.

Q. When did the contract require its completion, do you remember?—A. I don't know.

Q. Do you remember the sum of the contract?—A. Fifty thousand or fifty-four thousand, if you have the figures there, I don't know.

Q. It is stated as \$56,630 bulk sum. Now you had the plans and specifications upon which you tendered of course?—A. Yes, sir.

Q. Were there any changes made in them after the contract was awarded to you?—A. No, sir, the building was originally drawn up for brick and tenders were called for brick or concrete and my tender for concrete was accepted. There were no changes. The sizes and dimensions are all accurately the same.

Q. You say the plans and the specifications were originally drawn up, for brick and concrete?—A. For brick, a brick building.

Q. And concrete, you said concrete?—A. Yes, tenders were called for brick or concrete.

Q. I see. I misunderstood you. Tenders were called for brick or concrete?—A. Yes.

Q. You tendered for both, did you?—A. Both, I think, and concrete was accepted.

Q. Concrete was accepted, and the tender was for \$56,630?—A. Yes.

Q. After the contract was awarded to you, were any changes made in the plans or specifications?—A. I don't believe there were. Oh, yes, there was one change.

Q. What was that?—A. That was in the foundations.

Q. What was that change?—A. The foundations had to go deeper than the minimum depth shown on the plan.

Q. How much deeper?—A. About two feet, I believe.

Q. And were they spread out as well?—A. Went down to the same, just a continuation.

Q. What was the depth as stated in the specifications?—A. I believe it stated a minimum depth of 4 feet 3, if I am not mistaken.

Q. And you say a change was made and the foundations were carried down to a depth of 6 feet 3?—A. Well, something like that.

Q. Was that the only change?—A. That is the only change that I have any knowledge of now.

Q. Who made that change?—A. Oh, that was made by Mr. Mackenzie, under his authority, after the excavation had been, or when the excavation was under way.

Q. While the excavation was under way?—A. Yes, sir.

Q. Did you have instructions from Mr. Butler from the department here in reference to that?—A. I don't believe so.

Q. Have you had any communication with them down to the present about it?

A. I don't think so. You see, I do not communicate with them unless they ask me for something particular. Mr. Mackenzie, being in charge of the work, he is the man that I have to apply to.

Q. That would bring into effect your schedule prices for additions and deductions?—A. Yes, sir.

Q. Now, about the concrete that was put into the foundations: Do you remember the specifications with regard to that?—A. Not exactly.

*By Mr. Ross (Cape Breton):*

Q. It was not as rich a mixture that was put in the foundations?—A. In foundations the contract is 1-3-5, as a rule, and that is what, I think, is specified.

Mr. Ross (Cape Breton).—Yes, 1-3-5.

*By Mr. Crockett:*

Q. This is what the specification said, Mr. Wallberg (reads):

'Concrete in the footing courses, foundation walls, base walls and piers for columns shall be composed of one part by volume of cement to three parts sand and five of broken stone or gravel, which will pass a two-inch ring. Designated No. 1.'

Now, was that the same specification as for the passenger car repair shop, paint shop and office building?—A. Well, you see there are different buildings.

Q. Well, I am asking you is it the fact?—A. I do not know, Mr. Crockett, without looking it up.

Q. You do not know?—A. I should think that the foundation would be the same mix in both of them.

Q. It is the same, I take it. Now, here is a specification for the passenger car paint shop, store-house and office building (reads):

'Concrete shall be of two grades, designated mix No. 1 and mix No. 2. Mix No. 1 shall consist of one part by volume of cement to three parts of sand and five of broken stone, or approved gravel, which will pass through a two-inch ring.'

That is just the same, is it not?—A. Yes, sir.

Q. And that is called mix No. 1?—A. Yes.

Q. And you used the same in the freight car repair shop in the footing course and foundation as you did in the other?—A. Yes, sir.

Q. Have you read the evidence which Mr. Butler gave?—A. Yes, I read it hastily.

Q. Did you understand that Mr. Butler told this committee there was a difference?—A. Well, I will explain that from my view point. I don't remember just what he said, but one is a reinforced concrete building and the other is plain concrete, and with reinforced concrete the surfaces or masses are thinner, and we have to take care of rods and one thing or another. That makes entirely different work per yard. And then also in the passenger car shops there are a lot of foundations and various things which do not pay at that price, because they are worth more on my schedule prices.

Q. But that is a fact, is it not, that although the buildings were different the concrete in the foundations was the same in both buildings.

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Mr. Ross (Cape Breton).—The mix was the same?—A. The mix is the same, but sometimes you get a thin wall. It is a plain mix, the same mix, but when you have got it done you have got only half the volume of concrete, and you get only half pay for practically the same work, and then you see, Mr. Crocket—

Q. Hold on, please. Was it what you call reinforced concrete that was used in the foundations of the passenger car repair shops?—A. Yes.

Q. I am not speaking of the building, but of the foundations?—A. Yes, that was reinforced concrete.

Q. Do you remember what the price for the reinforced concrete was under your schedule?—A. No, I don't remember off-hand. You have it there in the file.

Q. It is No. 3 in the schedule of prices (reads):

'3. Mix No. 1 concrete, in place, per cu. yd., \$12.75.

'4. Mix No. 2 concrete, in place, per cu. yd., \$14.50.'

Now, which of these is the reinforced concrete?—A. Just let me look at that schedule.

Q. Is it the higher price or the lower?—A. That was built at the lower price, that foundation work in the passenger car shops, if I remember rightly.

*By Mr. Crocket.*

Q. Which of these do you call the reinforced concrete?—A. Well, they both may be reinforced concrete. They are different proportions, ingredients, that is all.

Q. Well, I read you the specification in regard to the ingredients. It is the same in the passenger car repair shop as the freight car repair shop?—A. Yes, reinforced would be item No. 4.

Q. That would be \$14.50?—A. I should say so.

Q. And this mix No. 1, concrete, in place, per cu. yd. at \$12.75 in the passenger car repair shop schedule, is the same, is it not, in the freight car repair shop?—A. Yes, the same ingredients.

Q. The same ingredients?—A. But you will understand the feature is this: If you have got a mass of concrete, your work, your carpenter work and forms and everything practically in the way of labour, is the same as if you have just a narrow stretch of concrete, and when you are through with the narrow one it does not figure up nearly as much in yards as the wide one, and you get paid much less. Therefore, you have got to have a higher price per yard.

Q. You have got to have a higher price per yard for the smaller job?—A. For the narrower, thinner work.

Q. For the narrower, thinner work. Which was the narrower, thinner work?—A. Well, the passenger car shop is the thinner work.

Q. The passenger car shop was the thinner work?—A. Decidedly.

Q. How much thinner?—A. It is decidedly thinner.

Q. You are speaking of the thickness of the foundation walls?—A. Yes. Generally speaking, everything throughout the passenger car shops is thinner. In the other buildings where one wall would be—

Q. Just fasten your attention to the foundation walls. What was the thickness of the foundation wall of the freight car repair shop?—A. I cannot tell you those dimensions. The plans would show that. I cannot tell you.

Q. They are all right here (pointing to file)?—A. No, those are specifications. Mr. Crocket. It would not show in that.

Q. You cannot tell that?—A. It would not show in that.

Q. But cannot you tell? You have been there?—A. No, I cannot tell, Mr. Crocket, what difference there is in those, because the detail plans would have to show that. You see, it is figured out in those, and I cannot tell you that.

Q. You do not know very much about this work at all?—A. Well, I don't pretend to carry the plans and dimensions in my head.

Q. I do not expect you to do that, but I should think you would be able to tell



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us the thickness of the foundation walls?—A. No, I cannot tell that. In a general way the one is a good deal thinner than the other.

Q. But you remember the depth?—A. Well, that depth prevails. I remember the depth, because that was brought up to me the last time we discussed it.

Q. But you do not remember the thickness of the walls?—A. No.

Q. Do you remember in regard to the passenger car repair shop that the foundation wall was widened as well as deepened?—A. It was not.

Q. It was not?—A. No, it was not.

Q. Mr. Mackenzie, according to my recollection, said it was spread out?—A. Yes, it may have been at some point, but generally speaking, it was not widened. It was run down, just exactly the same wall carried down.

Q. You remember that?—A. I am certain of it.

Q. And notwithstanding that you cannot tell the width of the wall?—A. No.

Q. You are interested in the Concrete Steel Company, Ltd., of Montreal?—A. Yes, sir.

Q. What office do you hold in that company?—A. President.

Q. You are the president?—A. Yes, sir.

Q. Who are associated with you in that company?—A. There are just the members of my staff.

Q. The members of your staff?—A. Yes, sir.

Q. Who are they?—A. There is Mr. Warren.

Q. Yes?—A. And Mr. Boggis.

Q. Mr. Boggis?—A. Yes.

Q. Is he the bookkeeper?—A. No, he is the superintendent on another job, a brother of this—

Q. A brother of the bookkeeper you referred to?—A. Yes.

Q. Who else?—A. Well, those are the only men interested.

Q. Yourself, Boggis and Warren?—A. And Warren, yes.

Q. And what position on your staff does Warren occupy?—A. He is in charge; he is the engineer in charge of my Montreal office.

Q. Sometimes you do business as the Concrete Steel Company and sometimes as E. A. Wallberg?—A. The Steel Concrete Company was organized for the purpose of doing merely reinforced concrete work, and I personally do general contracting, and that accounts for the existence of the company.

*By Mr. Reid (Grenville):*

Q. Before you leave that point, is there not an engineer employed in the Public Works Department in the concrete company?—A. No, sir.

*By Mr. Crockett:*

Q. Do you say that none of the officers in any of the government departments are associated with you in the Steel Concrete Company?—A. Oh, I say that absolutely, not in any way, shape or manner. If you—

Q. Has John Murphy, of the Public Works Department, any interest in that company?—A. No, sir.

*By Mr. Reid (Grenville):*

Q. Do you say that he never had any interest?—A. He was one of the provisional directors, and he resigned almost immediately, some time before he became connected with the government.

*By Mr. Crockett:*

Q. You say he was one of the provisional directors?—A. Yes, sir.

Q. And when was the company organized?—A. Oh, three years ago, I think, or four; I don't remember.

Q. And he was almost immediately, you say, appointed to the Public Works Department?—A. No, I say he almost immediately resigned. It was merely for the

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purpose of provisional director at the time the charter was obtained, and he had no interest in it at any time further than one share to qualify.

Q. Well, how did you come to put him in as provisional director?—A. Well, the application was put through the law firm of Murphy & Fisher, and I believe I asked him if he would become a provisional director.

Q. Is that an Ottawa firm?—A. Yes, sir.

Q. Well, was he a lawyer?—A. No, he is not; he is an engineer, an electrical engineer.

Q. Was he in the Public Works Department at the time?—A. No, sir.

Q. I understand he is employed by the Railway Department now?—A. Now?

Q. Yes, as electrical engineer.

Mr. G. A. BELL.—If I might explain, he was engineer for the Ottawa Electric Company, and when the office of electrical engineer was created in the Railway Department he was appointed to the position.

The WITNESS.—And further I never have any connection with him now, because his is electrical work entirely.

*By Mr. Crocket:*

Q. Who are the other provisional directors?—A. The other man was Harrington, an engineer of the Locomotive and Machine Company.

Q. Is he not also in the employ of the company?—A. No, he is in the States. He is a partner in a Kansas City firm. He has never been connected with the government in any way, shape or form.

*By Mr. Ross (Cape Breton):*

Q. You used these names for the purpose of incorporation?—A. For the purpose of incorporation. They had no interest in the firm beyond one share nominally.

*By Mr. Crocket:*

Q. What about Boggis?—A. He is working for me, yes.

Q. Where does he reside?—A. He resides in Montreal, except that he has been out on construction work mostly.

Mr. CROCKET.—There was a matter that Mr. Boyce wanted to examine Mr. Wallberg about, and it was the principal reason for his being brought here to-day. Unfortunately Mr. Boyce is detained in the House.

The WITNESS.—If he called me here he knew I had to be here. I have come from Prince Edward Island to attend this session.

*By Mr. Crocket:*

Q. You came from Prince Edward Island?—A. Yes, sir.

Q. In answer to your subpœna?—A. No, not in answer to the subpœna.

*By Mr. Reid (Grenville):*

Q. Where were you when you got the subpœna?—A. In Montreal.

Q. Then you only came from Montreal here?—A. I came from Montreal here.

*By Mr. Crocket:*

Q. Then you passed through Moncton and did not bring from there your papers?—A. I had no knowledge of it until I got to Montreal. The subpœna was left there.

Q. You started to come here, then, from Prince Edward Island?—A. Well, yes, I started to come from there, but without any knowledge of what was required.

*By Mr. Reid (Grenville):*

Q. Then, you only came here from Montreal, and not from Prince Edward Island?—A. Yes, but I want to get down there again as soon as I possibly can.

*By the Chairman:*

Q. You were in Prince Edward Island when the subpoena was issued?—A. Yes, and I got the subpoena when I reached Montreal.

Q. Without knowing of the subpoena when you came up from there?—A. Yes, sir.

Q. Did you know there was a subpoena issued before you came from Prince Edward Island?—A. No.

Q. Then you ought to explain that?—A. I did explain it.

Mr. CROCKET.—As I understand, Mr. Wallberg, when I was speaking about Mr. Boyce wanting him, conveyed the impression that he came here specifically for this purpose from Prince Edward Island.

The WITNESS.—If I conveyed that impression, I will correct it.

The CHAIRMAN.—When witnesses are summoned here those members of the committee who call for their attendance ought to look after them.

*By Mr. Reid (Grenville):*

Q. Mr. Boyce certainly should have one day?—A. I have a wire that I received here which was forwarded me yesterday from Montreal; it is dated at Souris, P.E.I., and says:

'Important that you be here as soon as possible. Wire me date that you will come.'

If I am to be tied up and messages are sent for me to be on my work, and then you want to keep me here to ask me about the Steel Concrete Company, you are asking me something that is not fair; I cannot abandon my business this way.

*By Mr. Crocket:*

Q. So far as I am concerned, I am through, but Mr. Boyce wants to examine the witness.

*By Mr. Reid (Grenville):*

Q. And we should have the books here; perhaps you can send the books up and Mr. Boggis?—A. If you are going to get Mr. Boggis here I am going to shut down that work, because I cannot run the job there without the man to keep things straight. You cannot get anything more from Mr. Boggis than you have got to-day, because the books are not posted up.

Q. There must be some way of getting at the information?—A. There is, but you cannot get it until they have the books posted up. You can understand, when I cannot get information for myself on my own contract, that there is a reason for it. I have been down there and asked him a whole lot of things about my contracts, and I cannot get the information until the books are posted.

Q. Well, then, we will have to subpoena Mr. Mackenzie, anyway.

The CHAIRMAN.—We are examining into something that has not been referred to us. There is no payment on account of this work for the sewerage and water system either in the Auditor General's Report for 1905-6 or 1906-7, which are the only reports referred to us.

Mr. REID (Grenville).—Then we should not have started it.

Mr. CROCKET.—We have Mr. Mackenzie's evidence, if that is right, that this is in connection with Mr. Wallberg's contract, and Mr. Wallberg has received money on account of that contract.

The CHAIRMAN.—And Mr. Butler said in his evidence that this was not under that contract.

Mr. CROCKET.—Mr. Mackenzie said that it was in connection with the passenger car repair shop, and that Mr. Wallberg is being paid under the schedule?—A. There has nothing been paid on account of this work.

The CHAIRMAN.—I do not want to restrict the examination, but there is nothing that we have any right to go into in connection with this particular work.

Mr. REID (Grenville).—Could we not adjourn this examination until the morning; probably half an hour will suffice for Mr. Boyce then?—A. I think you are



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carrying this to a great extreme. I cannot give you this information now, for the reason I have stated, and I do not think Mr. Mackenzie will be able to give it to you. I will be here when you all come back next session, and will then be able to give you the information. I think there ought to be some little consideration shown me. **There is not a man in the country has ever been held up like I have.**

The CHAIRMAN.—There ought to be some consideration shown for a contractor.

Mr. REID (Grenville).—Mr. Wallberg has not been called for a month?—A. I have been here this spring and summer for over two months; I was let away day by day in the way you propose now, and in a way that I could not attend to my work. If I go down east I cannot go around all my work and get back in less than several weeks. I am perfectly sure Mr. Boyce hasn't anything but what it will hold over until next session when all the information will be given.

Mr. ROSS (Cape Breton).—I do not think we ought to go any further into this matter if it is not before the committee and has not been referred to us by the House.

Witness discharged.

Committee adjourned.

## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

FRIDAY, July 10th, 1903.

The committee met at 11.20 o'clock, a.m., the chairman, Mr. A. H. Clarke, presiding, and proceeded to the further consideration of a payment of \$63,376.05 and sundry other payments to Mr. E. A. Wallberg.

Mr. W. B. MACKENZIE, chief engineer, Intercolonial Railway, recalled and examined.

*By Mr. Crockett:*

Q. Have you got your summons with you, Mr. Mackenzie?—A. No. Unfortunately I left it in my other pocket down at the hotel. I changed my clothes this morning and it is in my other pocket.

Q. You were summoned to bring some books and papers with you this morning?—A. Yes.

Q. Have you brought them?—A. I have brought a few papers, all that are there on the files. The copies are here (producing papers).

Q. This is what you have brought in response to the summons, is it?—A. That is part of what I have brought. Those are all the papers proper.

Q. What are these?—A. Those are simply copies of letters which are on the files regarding the sewer and water pipes.

Q. And in addition to that what have you brought?—A. I have brought a plan showing the location of the sewer and a cross-section of it, and plans showing the shops, the shop lay-out, a longitudinal profile of the sewer, and cross-sections of the sewer at different points.

*By Mr. Reid (Grenville):*

Q. That shows the depth?—A. That shows the depth excavated at every 100 feet and this is a general lay-out showing the buildings and the system of sewers and water pipes.

Q. Where does the sewer commence at that building? where is it shown?—A. The

sewer proper, the main sewer, commences at the passenger car repair shop beyond the northern end.

Q. And extends to where?—A. And continues down across the track south of the creek.

*By Mr. Crocket:*

Q. What else have you brought with you, have you got any books?—A. I have brought some time-books.

Q. Anything else?—A. I have brought some results.

Q. What do you mean by results?—A. I have gone into the cost to the contractor since the beginning of the work.

Q. I would like to know, in the first place, just when this work was begun?—A. It was commenced on the 18th June, 1907.

Q. Have you got a record of that with you?—A. It is among the papers somewhere.

Q. I want to see what records you have in regard to the commencement of the work, the number of men employed, the number of teams and so forth?—A. Perhaps I had better show you the time-books. That is the first one, our check time-book (producing time-book).

Q. Does this all refer to the sewerage and water system?—A. Yes, nothing else.

*By Mr. Reid (Grenville):*

Q. Who keeps that time-book?—A. My assistant.

Q. What is his name?—A. Torrens.

Q. Is he an engineer?—A. Yes.

Q. You have no special time-keeper?—A. No special time-keeper.

*By Mr. Crocket:*

Q. When do you say the work was commenced?—A. June 18th.

Q. 1907?—A. Yes.

Q. With that time-book before you I want you to give the committee a statement of the number of men and teams that have been employed on the work?—A. At what time?

Q. In the first place during the first month?—A. It would take me some time to figure that up but I can do it.

Q. You have not made any calculations?—A. Yes, my assistant has gone through these books—in fact four or five or six of us have been working since the receipt of the summons to get at what I supposed you would want and we have gone through—

Q. If you have the results there perhaps you had better give them to us?—A. Well I can give you the results. The sewer 2,880 ft. long has cost the contractor up to the present moment \$45,500.

*By Mr. Reid (Grenville):*

Q. Then I was pretty nearly right in my statement the other day?—A. That is the sewer proper.

Q. Up to the present time?—A. Up to the present moment.

Q. And how much of it was done?—A. It is all done except—this is practically all done but a little back filling has to be done here and there, and there is a road to construct on the top of it that we have an engagement with the land owner to make. That is to do yet.

*By Mr. Crocket:*

Q. You have a road to construct from the top of it?—A. Yes, on the surface of the ground. Instead of filling in we agreed with the land owner to finish up the sewer, the top of it, in good shape and build a road 33 ft. wide, that is level the ground for half the street for the length of the sewer. That is to do yet.

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Q. Who is that land owner?—A. Jones. The whole of that work would cost more than \$5,000, four or five thousand dollars.

Q. That is what remains to be done?—A. What remains to be done to complete the whole business.

Q. Your statement applies to the sewer alone?—A. To the trunk sewer.

Q. To the trunk sewer. Now, the sewer that was included in this arrangement which you made with Mr. Wallberg, a water system, what about that?—A. I might say that there are branch sewers as well.

Q. We had better deal with the branch sewers first, then?—A. The branch sewers are finished, the total expenditure which the contractor has made to date on the branch sewers is \$12,600.

Q. That is in addition to the \$45,000?—A. Yes.

Q. That is \$12,600?—A. \$12,600.

*By Mr. Reid (Grenville):*

Q. That will be \$57,800?—A. Yes.

The CHAIRMAN.—\$58,100.

*By Mr. Crocket :*

Q. Is there anything else in connection with the sewer?—A. No.

Q. That covers the whole system?—A. Yes.

Q. What about the water system?—A. The contractor has expended \$17,300 to date.

Q. He expended \$17,300?—A. On the water system.

*By Mr. Reid (Grenville) :*

Q. That is in addition to these other amounts?—A. Yes.

*By Mr. Crocket :*

Q. Now is there anything else that comes under this verbal arrangement that you made with Mr. Wallberg for that work?—A. Nothing else.

Q. And that totals how much, up to the present time for the main and branch sewers and the water system?—A. \$75,400.

Q. \$75,400?—A. Yes.

Q. Does that include the \$5,000 which you said remained to be expended in order to complete the main sewer?—A. Yes, and the \$6,000 to complete the water system.

Q. And \$6,000 to complete the water system?—A. Yes.

Q. Then taking the whole work of the sewerage and water systems together it has cost the contractor up to the present time how much, and how much remains?—A. \$75,400.

Q. Is that the sum it has cost the contractor up to the present time, or is that the amount it will cost for the complete work?—A. Just wait a moment until I see.

*By the Chairman :*

Q. That is the sum of the items you have given us already?—A. I will check that now. The cost to complete it is in addition to that.

Q. That is to say the \$75,400 expenditure has been incurred up to the present time?—A. Actually incurred.

Q. And how much will be required in addition to that?—A. \$6,000 for the water and \$5,000 for the main sewer.

Q. That brings it up to \$86,000 upwards?—A. Yes.

*By Mr. Reid (Grenville) :*

Q. \$86,400, that is on the water and sewer?—A. Water and sewer.

*By Mr. Crocket :*

Q. That is under the verbal agreement that you made with Mr. Wallberg without tender?—A. Yes.



Q. And without any instructions from the department?—A. That is right.

*By Mr. Reid (Grenville):*

Q. Mr. Wallberg has not been paid anything for that work by the government?—A. No.

*By Mr. Crocket:*

Q. What was the arrangement, Mr. Mackenzie, that you made with Mr. Wallberg?—A. 15 per cent on the actual cost.

Q. Would that mean 15 per cent on the \$86,000?—A. Yes.

Q. Then what will that make for the whole work?—A. \$98,000.

Mr. FINLAYSON.—It is just a question—

*By Mr. Crocket:*

Q. You say it is \$98,000?—A. \$98,211.

Q. What does the 15 per cent amount to?—A. \$12,000.

Mr. FINLAYSON objected that the accounts for these works have not yet been passed on by the department, and the committee therefore did not know whether there was any dispute between the Department of Railways and Canals and the contractor as to the amount; that Mr. Crocket was endeavouring to get a sworn statement from the chief engineer as to what the work cost, when as a matter of fact the accounts had not been finally settled.

Mr. CROCKET.—That is what the records show, and the whole matter is dependent upon these records.

Mr. REID (Grenville).—Mr. Mackenzie has sworn that \$86,000 has been expended by the contractor.

Mr. FINLAYSON.—That is what he says from his figures which have not been before the department.

Mr. CROCKET.—But he is the man who will settle the account.

Mr. FINLAYSON.—No, he is not, the contractors have to settle with the department, and as I understand it the question has not come before the officials of the department, and we do not know whether they are going to dispute those figures.

Mr. REID (Grenville).—He swears the contractor has paid that amount.

The CHAIRMAN.—Do I understand you to say that this \$75,400 has already been paid?

Mr. FINLAYSON.—No, not a dollar has been paid by the department to the contractor.

Q. Mr. Mackenzie swears that the contractors have already paid that out, isn't that right?—A. Yes.

Mr. FINLAYSON.—He swears that is what it has cost the contractors.

Mr. G. A. BELL, Department of Railways.—These figures have not been submitted to the department; before these accounts are finally attested Mr. Butler will go over all the figures and check all the quantities and these figures may be reduced.

*By Mr. Crocket:*

Q. These results that you are giving the committee, Mr. Mackenzie, are the results made up from the only check that has been made up by you and the Railway Department upon this work?—A. It has been made up from the contractor's books and checked by the inspector.

Q. Made up from the contractor's books and checked by your inspector?—A. Yes.

Q. And that is the result you have arrived at?—A. That is the result.

*By the Chairman:*

Q. You make the cost so far, including the 15 per cent, \$86,110, and then add on what is to be done?—A. Of course the railway has to do the work on the street and it is a question whether Mr. Wallberg will do that part of it, or whether the railway will do it another way. That is a street, it is not a sewer, it is part of a street and I am

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not saying positively that Mr. Wallberg will do that or that he will not, but that is about what it will cost to complete the sewer and fix the road as we agreed with the landlord.

*By Mr. Crocket:*

Q. Under your verbal agreement with Mr. Wallberg?—A. Under my verbal instructions to Mr. Wallberg.

Q. Without having received any authority from the department to enter into any such arrangement?—A. No direct authority applying to that particular item.

Q. When you say that you mean that you had no specific instructions from the deputy minister or the chief engineer or any superior officer of the Railway Department?—A. I said that before.

Q. That is to say you did this on your own responsibility?—A. Under the contract.

Q. You say you did this under the contract?—A. Yes.

Q. Under what provision of the contract?—A. Clause 3.

Q. Have you the contract?—A. Here it is. (Producing the contract).

*By Mr. Finlayson:*

Q. That is according to your reading of the contract?—A. Yes, sir.

*By Mr. Crocket:*

Q. Under your reading of clause 3 of the contract?—A. That is right.

Q. Are you aware that the deputy minister——

Mr. CARVELL.—Would it not be fair to put it on the record?

Mr. CROCKET.—I propose to put it on the record (reads):

'3. The engineer shall be at liberty'——

The WITNESS.—That is a true copy. Just begin at the beginning.

Mr. CROCKET.—(reads):

"The word 'engineer' shall mean the chief engineer of the Department of Railways and Canals, or other officer for the time being appointed to inspect, supervise or control the work on behalf of His Majesty."

*By the Chairman:*

Q. That refers to you?—A. It does.

*By Mr. Crocket:*

Q. Do you say the words 'chief engineer' refers to you?—A. I take it so.

Q. Do you say that the words 'chief engineer' refer to you?—A. The word 'engineer' refers to me.

Q. And the words 'chief engineer' refer to whom?—A. To Mr. Butler.

The CHAIRMAN.—There is an alternative there. I suppose that is what he refers to.

Mr. CROCKET.—The words 'chief engineer' are used throughout the contract and the definition is the chief engineer of the Department of Railways and Canals.

Q. That you say is Mr. Butler?—A. That is Mr. Butler.

Q. (reads): 'or other officer for the time being appointed to inspect, supervise or control the work on behalf of His Majesty'?—A. Yes.

Q. You construe that to mean that you have been appointed in lieu of the chief engineer?—A. Yes, precisely, that is as far as the work is concerned.

Q. That is you have full responsibility and control of these works at Moncton?—A. Yes.

Q. That has been your reading of it?—A. Yes.

Q. (reads):

'3. The engineer shall be at liberty at any time, before the completion and acceptance of the works, to order any extra work to be done, and make any changes which he may deem expedient in the dimensions, character, nature, location or posi-

tion of the works, or any part or parts thereof, or in any other thing connected with the works, whether or not such changes increase or diminish the work to be done or the cost of doing the same, and the contractors shall immediately comply with all the orders of the engineer in that behalf, and shall commence and complete the work so ordered within the time specified by the engineer, but the contractor shall not make, nor be entitled to any payment for, any change, addition, deviation, or for any extra work unless that same shall have been first directed by the engineers, and notified to the contractor, and the decision of the engineer as to whether any such change, addition, omission or deviation, increases or diminishes the cost of the work, and as to the amount to be paid or deducted, as the case may be, in respect thereof, shall be final, and the obtaining of his decision in writing as to such amount shall be, a condition precedent to the right of the contractor to be paid therefor.

Q. That is the clause you rely upon?—A. Yes.

Q. Then you take it, do you, Mr. Mackenzie, that you have the final decision as to the awarding of any amount to Mr. Wallberg under this contract or under the contract for any of these buildings at Moncton?—A. Yes, I take it that I—

Q. Do you take it, under that, that you are the final authority for the adjustment of Mr. Wallberg's claims on these buildings?

Mr. REID (Grenville).—On the sewer and all.

Mr. CROCKET.—He is relying on that.

The WITNESS.—I am relying on that.

*By Mr. Crockett :*

Q. And if you are right in your interpretation you are the final authority? Do you say that?—A. I am relying upon that as far as—

Mr. CARVELL.—I do not think it is right for my honourable friend to be asking this witness to place a legal construction upon a document.

Mr. CROCKET.—He says he relies upon that.

Mr. CARVELL.—The document is there to speak for itself. You have no right to ask him to place a legal construction upon it.

Mr. CROCKET.—I am asking what construction he has been proceeding upon.

Mr. CARVELL.—It is a question of law now.

Mr. CROCKET.—I am asking him for his justification for entering into a contract involving this country in an expenditure of \$100,000 upon a verbal order.

Mr. CARVELL.—You can state that kind of thing as much as you want to and then have it photographed if you wish. You have read his document and then you ask the witness to place a legal interpretation upon it.

Mr. CROCKET.—Did you not ask him to do that?

Mr. CARVELL.—I certainly did not. I submit this is not a proper question to ask a layman.

Mr. REID (Grenville).—Mr. Chairman, I submit that this witness should explain to the committee why he considers that he has to give a final decision on the amount he expended. Here is the sum of \$100,000—at any rate \$98,210—that has been expended under an agreement made by him with Wallberg. This witness made an agreement himself and has tied up the Department of Railways and Canals in the matter. If that is so who is there but himself that can certify finally on this matter. I submit it is an absolutely fair question to ask him does he consider that he had authority to do what he did.

The CHAIRMAN.—Of course, his answer will not settle the question. It may have a bearing on the—

Mr. FINLAYSON.—I think you are perfectly justified in asking him if he considers he had a right to do what he did under that clause.

Mr. CROCKET.—That is what we want to find out if he relies upon his definition of the word 'engineer.'

The CHAIRMAN.—It is proper to see whether there is any other vouching to be done.



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Mr. CROCKET.—I would like an answer to my question.

The WITNESS.—I simply considered it as empowering me to have the work done in the way in which it was done. That is as far as I will go in the answer to your question.

*By Mr. Crocket:*

Q. Then you would not claim that you are the final arbiter of all Mr. Wallberg's claims for extras in connection with these buildings?—A. I presume that the Department of Railways and Canals will be the final arbiter.

Q. Does that consideration shake your belief at all as to whether the first paragraph of what has been read, containing the definition of 'engineer,' applies to you?—A. No.

Q. It does not. Are you aware, Mr. Mackenzie, that the deputy minister of railways and the chief engineer, Mr. Butler, have informed this committee that this contract did not contemplate at all the construction of a sewerage and water system?—A. I am not. I have not seen that evidence.

Q. Have you not been informed of that statement of the deputy minister's?—A. No, I have not.

Q. Have you read the evidence the deputy minister gave when he was last before the committee?—A. I don't know just when he was last before the committee. I have not followed the working of the committee since I was here before.

Q. On June 2nd, I call your attention, Mr. Mackenzie, to the fact that Mr. Butler, deputy minister of railways, was examined before this committee in this matter, and was asked certain questions which will be found on page 187 of the evidence as printed (reads):

'Q. Did you understand from Mr. Mackenzie that any portion of this schedule was to apply to that work?—A. Not to that work, I did not.

'Q. You did not?—A. I do not know about that very clearly.

'Q. You understand what you have stated from him anyway?—A. I understood he was to pay the actual cost plus 15 per cent for superintendence and the use of tools.

'Q. Mr. Mackenzie told us in answer to Mr. Macdonald's questioning that the bulk of that would be covered by the schedule?—A. Well, he knows better than I do.

'Q. What do you say about that? You have read this contract?—A. It does not fall under the contract at all.'

Mr. CARVELL.—He is referring to the schedule of prices there.

*By Mr. Crocket:*

Q. Mr. Butler said, 'It does not fall under the contract at all.' The next question was:

'Q. The contract did not contemplate the construction of sewerage and water systems?—A. No.

'Q. It was a separate work?—A. A separate work which should have been fixed by —

'Q. By a separate contract?—A. By a separate agreement.' Now you were not aware before coming here to-day that Mr. Butler had made that statement before the committee?—A. No, I never saw that.

Q. Well then, in your interpretation of this contract you do not agree with the deputy minister of railways?

Mr. CARVELL.—I submit that is not a fair question, because all that the deputy minister says is that the construction of this work did not fall under the original contract as to the schedule of prices for doing the work, that it was not to be done on the scheduled prices, but should be done by a new agreement; that new agreement was made by the engineer on the work, therefore I submit that the question which my hon. friend put to the witness is a wrong interpretation of the evidence given to Mr. Butler.

Mr. CROCKET—I am not giving any interpretation at all, I have read the evidence.

The CHAIRMAN.—Where are we at? has the government paid this money?

Mr. CARVELL.—Not a dollar of it has been paid.

Mr. CROCKET.—But there is an agreement under which work to the amount of \$100,000 has been done and it has yet to be paid for.

The CHAIRMAN.—How are we investigating it, if there is no account in connection with it contained in the Auditor General's report which has been referred to this committee?

Mr. REID (Grenville).—This is a continuation of a contract.

*By the Chairman:*

Q. And the cost of these works is \$86,100?—A. If the 15 per cent is paid on the actual cost of the work to date it will amount to that, but only \$75,400 has actually been paid out by the contractor so far.

*By Mr. Finlayson:*

Q. It has cost him that much, that is what you mean when you say it has been paid out?—A. Yes.

*By the Chairman:*

Q. Has he paid that out of his own pocket?—A. Yes, out of his own pocket.

*By Mr. Crocket:*

Q. And up to the present time he has not asked for a cent?—A. He hasn't got a cent anyhow.

Q. Has he asked for a cent?—A. I do not know about that, speaking from recollection.

*By Mr. Reid (Grenville):*

Q. How is he financing this?

*By Mr. Finlayson:*

Q. That is not a fair question.—A. That is only a small part of the work in which Mr. Wallberg is at present engaged.

*By Mr. Crocket:*

Q. Not to get away from this matter I called your attention to, Mr. Butler's statement before the committee that this contract did not contemplate the construction of a sewerage and water system at all, what do you say as to that?—A. Mr. Butler made the plans and he ought to know.

Q. But your justification for entering into this verbal arrangement with Mr. Wallberg is that you deemed it did fall within the terms of the contract?—A. I looked upon it as a necessary part of the work and one which was absolutely essential for the safety of the buildings that we were then constructing. If the sewer had not been built in the way it was built and at the time it was built the buildings would have been destroyed, there were over 1½ miles of wall exposed to the inclemency of the winter and the frost.

Q. I am not going into that question—

Mr. CARVELL.—Let the witness answer the question, Mr. Crocket—now, go on and answer the question, witness.

*By Mr. Crocket:*

Q. I am not disputing that perhaps the sewerage and water systems were necessary?—A. I wish to show you the necessity that existed at the time for the prompt completion of that sewer to take the water away. The water was standing three or four feet deep around the walls of the buildings which would be, at that time, 1 mile in length, if they were stretched out in a line. If those walls had been left with the water standing around them and exposed to the winter's frost they would have

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been ruined and to-day the buildings would not have been worth five cents if the sewer had not been put in the way and at the time it was built. We had to use every endeavour to get the water down that summer before the frost came, and there are over  $1\frac{1}{2}$  miles of wall there to-day that are in perfect condition because that sewer was built when it was. I wish to have that statement on record as a justification for that work.

Q. I am not saying it is not a necessity?—A. I looked upon it as a case of emergency, and in such a case the man in charge is supposed to act, and not quibble, if he does not do so he has no business to be there.

Q. For those reasons then you entered into this agreement with Mr. Wallberg?—A. For those reasons only.

Mr. CARVELL.—‘And without tender,’ don’t forget that, Mr. Crocket.

*By Mr. Crocket :*

Q. You did not consult the deputy minister or any superior officer of the department before doing so?—A. In a case of emergency I never consult anybody.

Q. You take the entire responsibility on yourself?—A. Yes.

Q. When you did so, did you have any idea that the work would run up to \$100,000?—A. I had not figured it out.

Q. Do you think in your mind it would?—A. It would have been the same if it reached \$200,000.

Q. Without consulting the Department of Railways and Canals?—A. I had my authority under the contract.

Q. That is the position you take?—A. It is.

Q. And you, knowing that the deputy minister says you had not that authority, take that position?—A. I listened to what you have read, that the deputy minister said.

Q. What was Mr. Wallberg’s contract for the building under the terms of which you say this falls?—A. You have the contracts here.

Q. Do you remember?—A. I can turn it up—

Mr. FINLAYSON.—I do not think it was just exactly fair to say Mr. Butler said Mr. Mackenzie had no authority to do it; Mr. Butler said he had no authority to do it under the contract. I want to make that clear, Mr. Crocket, you admit that Mr. Butler said that the chief engineer had no authority to do this work under the contract, he did not say that he had no authority to do the work at all.

Mr. CROCKET.—Mr. Butler said he had no communication from Mr. Mackenzie of that kind.

Mr. FINLAYSON.—But what I want to make clear is that Mr. Butler said that Mr. Mackenzie had no authority under the terms of the contract.

Mr. CROCKET.—He certainly said that.

Mr. FINLAYSON.—But he did not say that the chief engineer had no authority to do the work outside of the contract altogether?

Mr. CROCKET.—I am not discussing that point now.

*By Mr. Crocket :*

Q. The freight-car repair shop was one of those shops for which Mr. Wallberg had a contract signed, sealed and delivered?—A. Yes.

Q. Under terms of which you say you had the authority to go on and provide for a sewerage and water system?—A. The sewerage and water system applies to the whole group of shop buildings.

Q. The bulk sum of that contract was \$56,000 and you justify this as an extra, this work of \$100,000

Mr. CARVELL.—I am going to ask Mr. Crocket to be fair enough to give the total cost of all these buildings.

Mr. CROCKET.—I have asked my question and I would like an answer.

Mr. CARVELL.—Be manly, now, Mr. Crocket, I would not ask you to be fair, but just be manly and ask the total cost of all these buildings served by the sewer.



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Mr. CROCKET.—I'd be manly and I will be fair, but I will not leave the question of my manliness to Mr. Carvell.

*By Mr. Crocket:*

Q. There was one building, was it not, the freight-car repair shop for which the bulk sum tender was \$56,630 —A. Yes.

Q. Was there a separate contract for that building —A. Yes.

Q. Now, is this sewerage and water system connected with that building as well as with the others?—A. Certainly.

Q. I assume it is. Then you take it that under the terms of the contract, Clause 3 to which you have referred, you had authority to make a verbal agreement with Mr. Wallberg for the water and sewerage system amounting to \$100,000?

Mr. CARVELL.—Don't answer that question witness. I am going to appeal to my learned friend to be manly, if nothing else will do it I will compel him to be manly. Won't you be manly enough to admit, Mr. Crocket, that this is the only one building out of eight or ten that are served by that sewerage and water system.

Mr. CARVELL.—I will admit that.

*By Mr. Carvell:*

Q. Mr. Mackenzie, what was the total cost of all those buildings?—A. I have never added the contracts together.

Q. Just add them up and find out the total of the contracts for all the buildings which were drained into this sewer.

*By Mr. Crocket:*

Q. At the time you entered into this verbal agreement with Mr. Wallberg, how many contracts did he have at Moncton?—A. I do not know.

Q. And what was the value of them?

*By Mr. Reid (Grenville):*

Q. How many contracts did he have then, Mr. Mackenzie?—A. I do not know without referring to the contracts.

*By Mr. Crocket:*

Q. I can give them to you. He had the freight car repair shop, I have referred to that as worth \$56,630, bulk sum. He had the passenger car repair shop, the paint shop, and the stores building under another contract.—A. How much?

Q. Well, the bulk sum is not stated here, but it is on record already at \$156,000. —A. Is that for the three buildings?

Q. Yes? One contract for the passenger-car repair shop, the paint shop and the office building.

*By Mr. Reid (Grenville):*

Q. Is that all there were?

Mr. CROCKET.—That is all that were under contract at that time.

Mr. FINLAYSON.—There are others there.

Mr. CROCKET.—That is all that appears in the records here, and I want the bulk sum for these. Was not that right, \$156,000 for the bulk sum for the passenger car repair shop?—A. I do not know.

Q. That is what I want to get: the bulk sum of those contracts under which Mr. Mackenzie said he could, by verbal arrangement, incur an expenditure of \$100,000.

*By Mr. Carvell:*

Q. What other buildings were there, Mr. Mackenzie?—A. The whole system of buildings were designed at that time; although some of them were not let under contract they were all designed and I had the plans.

Q. And the sewer was to apply to them all?—A. Certainly.

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Q. What was the cost of the whole set of buildings ?

Mr. ROSS (Cape Breton).—About \$1,000,000, isn't it?—A. Over \$1,000,000.

Mr. CARVELL.—Now, Mr. Crocket, as we have that information before the committee you can go on and ask all the questions you want.

*By Mr. Crocket:*

Q. You say that the total cost of these buildings, Mr. Wallberg, is erecting will be over \$1,000,000?—A. Yes.

Q. Does that include the \$98,000?—A. No.

Q. It does not include that?—A. No.

Q. He has contracts at Moncton, has he, amounting to over \$1,000,000?—A. I think so, I have not added them up.

Q. At the time you entered into this arrangement you counted upon Mr. Wallberg getting the contract for the locomotive and machine shop?—A. No, I did not count upon him getting anything he did not have then.

Q. The contract was not let then, was it?

Mr. CARVELL.—The sewerage system was to drain all the buildings, no matter who had the contract for them? I submit my hon. friend is not taking this question fairly. The witness has stated under oath that it was necessary to construct this sewer in order to protect a mile and a half of wall in these buildings.

Mr. REID (Grenville).—Surely when he gave a contract for the buildings, or when he advertised for tenders, Mr. Mackenzie must have known there was a sewer wanted.

Mr. CARVELL.—Certainly.

Mr. REID (Grenville).—Then why did he not call for tenders?

Mr. CARVELL.—Because he did not, that is all; that is a matter to argue later on.

*By Mr. Crocket:*

Q. At that time you made this arrangement with Mr. Wallberg the contract had been made with Mr. Wallberg for the locomotive and machine shops?—A. Yes.

Q. You say it had?—A. I cannot tell you that without getting the contract.

Q. Don't you know it had not?—A. We have the contract here, and we can fish it out. I have a Saratoga trunk full of papers here and will fish out anything you want if you will only give me time, but I would rather not guess.

Q. I want that information before you get through, if that contract had been made with Mr. Wallberg before you made the arrangement with him?—A. I will give it to you.

Q. The locomotive shop was a bigger contract than the others?—A. It is the larger building.

Q. It is a larger building than the freight car repair shop or the passenger car shop. Now, I want to have the evidence very clearly again, Mr. Mackenzie, as to whether you did this without any communication or consultation with Mr. Butler. I want to know that?—A. I have already told you that.

*By Mr. Reid (Grenville):*

Q. When did Mr. Butler first know it?

*By Mr. Crocket:*

Q. You say you have already told me that; what have you already told me?—A. That I had no instructions from Mr. Butler.

Q. On any occasion in connection with this sewerage and water system?—A. I have told you that already.

Q. Are you positive of it?—A. Quite.

*By Mr. Reid (Grenville):*

Q. And you never advised Mr. Butler?—A. No, I told you before. I showed him the sewer on the ground and drew his attention to the fact that it was rather a difficult piece of work; in getting across the track we carried a tunnel and I showed him

that at that point it was about 20 feet deep; I remember him mentioning the depth, 20 feet.

*By Mr. Crocket:*

Q. When did you do that?—A. When he and the minister were on the ground; at the time the sewer was about three-quarters completed.

Q. What minister was that?—A. Mr. Graham.

*By Mr. Reid (Grenville):*

Q. What time of the year was that?—A. Late in the fall.

*By Mr. Crocket:*

Q. Late in the fall, before the deputy minister gave evidence before this committee?—A. Oh yes.

Q. You are aware of the fact that Mr. Wallberg in the first statement he made on this matter before the committee stated that the arrangement was made with you and Mr. Butler?—A. I read that first evidence.

Q. You read that evidence where Mr. Wallberg stated in the first instance that this arrangement was made with you and Mr. Butler?—A. Yes.

Q. And that Mr. Butler at once contradicted it?—A. I saw that in the evidence.

Q. And stated that he did not know anything about this matter until he heard of it in this committee?—A. That is on the records, I have read it.

Q. So that Mr. Wallberg's first statement that the arrangement was made with Mr. Butler and yourself is incorrect, is it?—A. I am not—

Mr. CARVELL.—It is hardly a fair question to put to the witness. Mr. Wallberg does not say that it was made between him and Mr. Butler jointly, or at the same time; Mr. Wallberg did not say that, he may have meant that he talked to Mr. Butler and to Mr. Mackenzie separately.

*By Mr. Crocket:*

Q. Having your attention called to that statement made by Mr. Wallberg in the first instance before this committee, and to Mr. Butler's statement, you say now that that arrangement was entirely with you, is that right?—A. I have said that already.

Q. And that Mr. Butler knew nothing about this until he and Hon. Mr. Graham were at Moncton and you simply pointed out the work on the ground?—A. Mr. Butler may have had other means of getting information than through me, of that I know nothing.

Q. But so far as you know?—A. What I say is that I had no instructions from him; as far as I know he may have had a dozen people looking over this work, that is as far as I know.

Q. At that time did Mr. Butler ask you how that work came to be constructed?—A. No, he did not.

Q. He made no inquiries?—A. He was only on the ground a few minutes, and, as I have said before, there seemed to be a thousand things to take up his time and attention; there was nothing said about the sewer that I can remember.

Q. But you called his attention to it, you say?—A. I showed him the sewer, and pointed out that it was pretty deep, and I showed it to the minister also, and that it ran down to the creek about a half a mile, that is about all.

Q. That is about all, he did not ask you who built it?—A. I do not think he did.

Q. Or on what terms it was being built?—A. No, he certainly did not or I would have told him.

Q. And so far as you know that was the first knowledge Mr. Butler had of the construction of that sewer?—A. I do not know.

Q. So far as you know is that the first knowledge Mr. Butler had of the construction of the sewer?—A. That was the first time it was ever pointed out to him.

Q. Who prepared the plans for the sewer?—A. All the plans which have been prepared for the sewer have been prepared by me.



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Q. All these plans which you have before you now ?—A. Yes.

Q. And they were prepared without your ever having received any instructions from the department to prepare them ?—A. That is right.

Q. And this is the complete set of plans ?—A. Yes.

Q. Did you draw the specifications ?—A. No, there were no specifications.

Q. Did the plans indicate the depth ?—A. Yes.

Q. And the length ?—A. Yes.

Q. What about the diameter, I suppose they indicate also the diameter of the sewer ?—A. Yes, these are the details.

Q. And there were no specifications ?—A. No.

*By Mr. Reid (Grenville)*

Q. When were these plans prepared ?—A. The originals of these blue prints were prepared about the time the sewer was started and this line (indicating on blue print) was staked out on the ground for Mr. Wallberg.

Q. And these blue prints are made from and are exact copies of the originals ?—A. Yes, the originals were made in pencil, roughly, and these blue prints are made from the pencil drawings. This section was given to Mr. Wallberg to build from.

Q. And you gave him a copy of the original ?—A. I gave him a copy.

Q. Were they made in June of last year when you gave him the contract ?—A. Yes, about that time.

Q. How is it that this blue print is dated June, 1908 ?—A. That is when they were traced the other day.

Q. Isn't that a copy of what was made the first time ?—A. Yes, there was no copy, only what was given to Mr. Wallberg.

Q. This wasn't what was given to Mr. Wallberg ?—A. No, it was a rough sketch that I gave to Mr. Wallberg.

*By Mr. Crockett :*

Q. These plans here, blue prints, you had made off the original plans for this committee since you got the summons ?—A. Yes, the original of that was simply a rough pencil sketch.

Q. Having prepared these plans you gave them to Mr. Wallberg, did you ?—A. Yes.

Q. And did you ask him for any proposition, did you ask him upon what terms he would construct that work ?—A. No.

Q. Tell us just exactly what took place ?—A. I told him to go ahead and do it just as quickly as he knew how and I would see he was paid 15 per cent on the actual cost, that is about it.

Q. I want you to be particular as to that ?—A. That is all.

Q. You prepared these plans and gave them to Mr. Wallberg ?—A. I gave him a sketch of them in pencil.

Q. You told him to do the work as quickly as he could ?—A. Yes.

Q. And you told him—how did you put that—that he would be paid the cost plus 15 per cent ?—A. The actual cost plus 15 per cent.

Q. Now that is the arrangement, is it, that you made ?—A. That is the arrangement that we talked over, whether or not it could be included in the schedule. I said whatever could be included in the schedule might be included in the schedule and whatever could not would be paid by day-labour plus 15 per cent.

*By Mr. Reid (Grenville) :*

Q. Material, 15 per cent ?—A. Material, yes.

*By Mr. Crackett :*

Q. Well then what was the agreement, what did you agree upon ultimately ? There would two propositions involved in that ?—A. Yes. Well there was no agreement further than what I say.

Q. You told me first that you told him to go ahead and do the work and you would see he was paid the cost plus 15 per cent. Now you tell me that you talked over also—?—A. As to whether part of it might not be included in the schedule.

Q. What agreement did you come to?—A. We did not agree.

Q. You did not agree as to that?—A. No.

Q. So that agreement stood?—A. That was all the agreement that was made. Now I am giving you the actual cost which it has cost him and that will be placed before the department and that is as far as I propose to go with it.

Q. Now the results that you gave us this morning, are they based on the agreement as you have stated it, the actual cost plus 15 per cent?—A. I have not added the percentage. I gave the actual cost.

Q. You did make a calculation about it. However, are these results on the actual cost to Mr. Wallberg?—They are all that—

Q. They are that?—A. Yes.

Q. Then you did make no calculation as to what portion of that work would come under the schedule of the contract?—A. No.

*By Mr. Ross (Cape Breton):*

Q. You eliminated the schedule altogether?—A. I have not considered that yet because I did not have time. It took me several days with several assistants to get the information which I did get and it kept me up to the last moment before leaving. That is as far as I have got.

*By Mr. Carvell:*

Q. That is the actual force account?—A. Quite so.

*By Mr. Crocket:*

Q. When you speak of force account you mean the cost plus this percentage?—A. Not plus anything, but simply the cost.

Q. That is what you told us the work had cost, \$75,000?—A. Yes.

Q. Now, have you got in your books there any record of the quantity of excavation?—A. That can be easily figured out from the cross-sections.

Q. Have you any information in your books?—A. There are no cross-sections in the books.

Q. Have you any returns from any quarter showing the quantity of excavation?—A. That is shown in the cross-sections.

Q. We know the plans will show that, but have you no returns?—A. I have the returns.

Q. From the checkers showing the quantity of excavation?—A. They were not supposed to check the excavation except to see that the width and depth was not exceeded and that it was maintained to give the proper grade to the sewer. These cross-sections are absolutely correct.

Q. So then you have no returns made as the work was progressing as to the quantity of excavation that was done, no returns sent in by the checkers?

*By Mr. Carvell:*

Q. You could not?—A. They were not checking.

*By Mr. Crocket:*

Q. They were not checking for quantities?—A. They were not checking progress quantities they were checking time. The quantities are absolute and are shown here (pointing to cross-sections).

*By Mr. Finlayson:*

Q. You did not require that if you had the progress estimates?—A. No.

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*By Mr. Crocket:*

Q. All the check you have then is the time, is that it?—A. I know that these grades were maintained and that this excavating was done.

Q. Well, have you a check on the material?—A. Yes.

Q. Were those returns sent in regularly by the checkers?—A. Yes.

The CHAIRMAN.—Does this all relate to the sewer construction?

Mr. CROCKET.—Yes.

The CHAIRMAN.—How do you introduce that here? This has to be investigated after the work has been paid for and the accounts appear in the Auditor General's Report.

Mr. CARVELL.—Mr. Crocket wants this for the elections, Mr. Chairman.

The CHAIRMAN.—Whether it is wanted for the elections or not it is a question whether it is proper or improper. My point is simply this: we can only investigate what appears in the Auditor General's Report during the past two years. Now, I understand the accounts for this work have not been published at all.

Mr. CROCKET.—Mr. Mackenzie says the work is under this contract.

The CHAIRMAN.—But whether it is or not——

Mr. FINLAYSON.—We can only investigate what has been referred to us by the House.

The CHAIRMAN.—The question involved here, when the payments come before us, will be whether they are proper or not. But the payments have not yet been made and they will be investigated in due course, but in another year. I do not see that we can go into any matter that does not appear in the records before us.

Mr. CROCKET.—Mr. Mackenzie has been examined before and this is merely to straighten out some discrepancies which occur in the evidence.

Mr. CHAIRMAN.—I do not want to stop it but I do not think we ought to go into an elaborate inquiry concerning a matter that is not before us.

*By Mr. Crocket:*

Q. Reverting again to the knowledge that Mr. Butler had of this matter you said a moment ago that so far as you knew the only knowledge the deputy minister had was when he was at Moncton and you pointed out the sewer?—A. Yes. So far as I know personally that was certainly the only time I pointed out the sewer to him.

Q. Now, before you prepared these plans was there a survey made for the sewer?—A. Yes.

Q. And the water system?—A. The sewer, yes.

Q. When was that made?—A. Just about that time or within a few days of that time. There was no survey needed because it was plain to be seen there was only one place to put it.

Q. Well, I am asking you now. You say that no survey was needed?—A. I say there was not much survey needed because there was only one place to put it, it only involved a few hours' work.

Q. I wanted to call your attention to a certain statement in the report of the Department of Railways and Canals for the year ended 31st March, 1907. There is a report from yourself and you state, 'A survey was made for a new sewer from the new shops to Jonathan's creek which is now under construction.' What do you say about that?—A. What is the date of that?

Q. That is in the report of the Department of Railway and Canals for the year ended 31st March, 1907.

Mr. CARVELL.—That is what he says now. He says that a survey was made.

A. It was just at that time that a survey was made.

Q. That report was made to whom?—A. To the general manager, I think.

Q. And that went forward to the deputy minister?—A. Yes.

Q. So that we have a record in the report, notwithstanding your evidence and the testimony that has been given by other witnesses in this case, that a survey was made



for this sewer and that it was under construction? That statement appears in the report of the Department of Railways and Canals for the year ended March 31st, 1907?—A. And that was June 15th was it?

Q. Yes?—A. Well, the sewer was commenced about that time.

Q. And it was reported formally to the department that a survey had been made and that the work was under construction?—A. That is what that says.

Q. You felt it necessary as chief engineer of the Intercolonial Railway to report that?—A. That was an item that went into my report with some thousands of other items.

Q. Oh not thousands?—A. Well hundreds.

Q. And yet having made that report, having incorporated that reference in your report, to Mr. Pottinger, you say now you did not feel called upon to even communicate with the deputy minister or any superior officer before you made that contract or afterwards, that you had let the contract?—A. That is what I have said already.

Q. I want to call your attention for the moment to some statements which you made at your previous examination. You remember, do you, Mr. Mackenzie, giving evidence before this committee on the 5th and 6th of May last?—A. Yes.

Q. Do you remember what version you gave of it then?—A. Of what?

Q. Of the arrangement made by you with Mr. Wallberg?—A. Yes, that some of it might be paid as schedule and some as labour.

Q. You not only said it might be; did you not tell the committee that was the arrangement and that the bulk of it was to be paid for under schedule?—A. That was my idea of it at the time.

Q. That was your idea at that time?—A. Yes.

Q. On the 5th and 6th of May last?—A. And it could be so paid yet.

Q. What is your idea this morning?—A. I am not giving ideas this morning for the reason that I have given costs and those costs will be reported by me to the Railway Department when the work is finally completed and it will be for the department to finally decide how that shall be paid and how much will be paid to the contractor. Since so much has been said about it in this committee that is the resolution I have come to in the matter and that is what I propose to do.

Q. I am not asking you what conclusion you have come to as to liability. I am asking you about the fact. You told me on the 5th May last that under this arrangement with Mr. Wallberg the schedule was to apply?—A. It could be made to apply or 15 per cent could be paid on the whole actual outlay; either one or the other. I am not deciding which now. I could decide it but I do not propose to do it; I propose to leave it to the department.

Q. But there are no writings?—A. There are no writings.

Q. You told us this morning that what took place was this: You said to Mr. Wallberg, giving him the plans, 'go to work and do this as quickly as you can. I will see that you will be paid the cost plus 15 per cent?—A. Or part cost and part schedule.

Q. Now you say that was incorporated in the agreement do you?—A. Both were spoken of at the time. The cost and the schedule were spoken of at the time and I proposed to do what was fair and I propose still to do what is fair. Mr. Wallberg will be paid what is fair and right, no more; but I do not propose to settle it now after so much has been said about it. I propose to let the department settle it.

Q. Did you not tell this committee not 10 minutes ago that what took place between you and Mr. Wallberg was that you prepared these plans, took them to Mr. Wallberg, and told him to go to work and build it as quickly as he could and you would see he was paid the cost plus 15 per cent.

Mr. CARVELL.—I submit that my learned friend—

Q. Did you say that?—A. Or part schedule and part cost as might be decided upon.

Q. Did you say that?—A. I say still that it can be paid under one or the other,

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or rather partly under one and partly under the other; that it will be perfectly fair and legitimate to pay it either one way or the other.

Q. Do you remember giving this evidence on May 5th last to be found on page 135 of the printed evidence (reads):

*'By Mr. Macdonald:*

*'Q. That work apparently seems to have been outside the contract which Mr. Wallberg had. Will you just explain how he came to be doing it and let us know the facts with reference to it?—A. What you refer to is a sewer. There are new works and lines of water pipe and other pipes as well as such, as gas pipes, air pipes and steam pipes. Most of that work is under schedule.'*

*Do you remember saying that?—A. Yes.*

*Q. (reads):*

*'Some of it cannot be included in the schedule because the prices do not apply to that kind of work. The sewer is partly on one side of the track where the buildings are and partly on the other side down to a brook where the sewer discharges.'*

*And then again (reads):*

*'Q. How is it that some of this work is not being dealt with according to the schedule rates in the contract, that is what I would like to know? How is it you have made other arrangements with reference to this other portion of the work?—A. This sewer at one place went down quite deep into the ground and the contractor said that part of it could not be considered as being under the schedule, because the schedule only covered ordinary ditches to an ordinary depth. Below that he could not possibly do the work at the schedule price.'*

*That is one answer which you made to Mr. Macdonald that day. Do you remember saying that?—A. I remember that, yes.*

*Q. And then further on you say (reads):*

*'What I told him was, to go ahead and do the work and what would properly come under the schedule would be paid in that way.'*

*Q. Do you remember saying that?—A. Yes.*

*Q. (reads):*

*'The remainder would be paid at the actual cost plus 15 per cent'?—A. Yes, that is about the understanding.*

*Q. And further on you said (reads):*

*'All the increased depth of the sewer over the ordinary depth would be included in the day-labour portion.'*

*Q. Do you remember saying that?—A. Yes.*

*Q. And do you remember telling us that the bulk of this would fall under the schedule?—A. Yes.*

*Q. And this morning you come without any details at all as to quantity or measurement—*

*Mr. FINLAYSON.—Oh no, that is not fair.*

*Mr. CARVELL.—Now, Mr. Chairman, I am going to ask for that question to be struck out because the witness produced his books and started in to give the item and Mr. Crocket said 'Give us the lump sum.'*

*Mr. CROCKET.—I asked that—*

*Mr. CARVELL.—Withdraw that question.*

*Mr. CROCKET.—I meant that in the form of a question, it is not a statement.*

*Mr. CARVELL.—You put all these unfair things in the form of questions.*

*By Mr. Crocket:*

*Q. You came this morning, Mr. Mackenzie, did you not without any statement of quantities or measurements?—A. I gave you all the plans which show the measurements.*

Q. I am speaking of the checking?—A. And I gave you the cost to date, that is all I have had time to prepare.

Q. You have made no return of quantities or measurements?—A. I have not made up the quantities. The measurements are on the plans.

Q. And you have no records of quantities or measurements, have you, outside of the plans?—A. On the plans only.

*By Mr. Finlayson:*

Q. That is all that is required by any engineer?—A. Certainly.

*By Mr. Crocket:*

Q. Are you aware of the fact that Mr. Wallberg was examined here on July 2nd?—A. I heard that he was before the committee but I have not read his evidence.

*By Mr. Reid (Grenville):*

Q. Have you seen him lately?—A. Yes.

Q. Did he not tell you he was before the committee?—A. I don't know. I don't remember that but I knew that he was before the committee.

Q. You knew that?—A. Oh yes, I knew that, I saw it in the newspaper.

Q. I understood you to say that you heard he was before the committee?—A. I did not read his evidence. I read in the newspaper that he was before the committee.

Mr. CARVELL.—He was here, what is the good of haggling over it.

Mr. CROCKET.—I am not haggling over it.

Q. Have you discussed with Mr. Wallberg, since he gave evidence on the 2nd of July, as to what evidence he did give?—A. No.

Q. You have not?—A. No.

Q. And you say you have not read his evidence?—A. No.

Q. Up to the present time?—A. No.

*By Mr. Reid (Grenville):*

Q. When did you arrive here, Mr. Mackenzie?—A. Last night.

*By Mr. Crocket:*

Q. Do you know that Mr. Wallberg has been in Ottawa since he gave evidence last week?—A. Yes, I had a telegram from him.

Q. You knew that he had been here?—A. Yes.

Q. Notwithstanding that he was very anxious to get away that day? Well Mr. Wallberg was asked at page 199 of the printed evidence as follows (reads):

‘Q. Now, Mr. Wallberg, I would like you to state just under what arrangement you built that sewer?—A. Well, the general arrangement is that we are to do it at the cost of the work plus 15 per cent for our plant, equipment, piping, machinery and everything in the way of machinery that wears out, and on that we get nothing at all, that is covered in the 15 per cent; that is the general arrangement under which we are doing it.

‘Q. That arrangement was made with whom?—A. With Mr. Mackenzie.

‘Q. Have you any writings of any kind with Mr. Mackenzie?—A. No, there was no written contract covering it.

‘Q. The arrangement was entirely verbal?—A. Well, it was, apart from the plans that had been furnished us by him. Of course, when we received plans we considered that as an authority.’

Again at page 202 (reads):

‘Q. You remember the terms of the contract?—A. Yes, of course, I remember that. That is in our contract, 15 per cent for day-labour, &c., and I have carried a great many contracts with that clause in them.’

Then at page 209 (reads):

‘Q. Do you remember what Mr. Mackenzie's version was of this arrangement



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with you for the construction of the sewerage and water system?—A. Well, I thought it was practically the same as I have outlined it.

‘Q. That is you were to be paid for all the labour at its cost to you and all the material at its cost to you plus 15 per cent?—A. Yes, sir.

‘Q. That is as you understood it?—A. Yes, sir.

‘Q. And that applied to the whole of the sewerage work?—A. That is as I understand it.’

And then further on (reads):

‘Q. Do you know that Mr. Mackenzie informed this committee that the bulk of this work was being paid for under the schedule prices on your general contract?—A. Well I believe he did say that. I read his testimony very hastily to-day.

‘Q. And you believe he said that?—A. Yes, something to that effect. I believe he said that the upper portion down to the depth of the foundations practically was to go in under schedule.

‘Q. Under the arrangement he had with you?—A. Well, I am not in a position to contradict his testimony.

*‘By Mr. Chisholm (Antigonish):*

‘Q. That is his understanding? Yours is another understanding?—A. Yes.

*‘By Mr. Crocket:*

‘Q. You do not recollect that being agreed upon or do you?—A. I don’t believe we discussed that phase of it.’

Now, that is what Mr. Wallberg told us last week, Mr. Mackenzie, that you did not discuss this phase of it that you referred to here this morning in reference to the schedule?—A. Well, my recollection is that what I told him was to go ahead and do the work and whatever could be properly put under the schedule would be put under it and the remainder would be paid for by day-labour? That is the best recollection I have of it.

Q. Did you keep every day a check of the work that every man did on the sewerage and water system construction?—A. Yes, my assistant was to keep a record and check up the time and I think it was done.

Q. Do you know how many teams were employed?—A. No, I cannot tell you that but the books show it and I have no reason in the world to doubt them.

The CHAIRMAN.—This is outside of the reference.

*By Mr. Crocket:*

Q. Did a large part of this sewer not fall in a short time ago?—A. No.

Q. Was there not a caving-in of quite a section of it?—A. Do you mean of the concrete itself?

Q. I mean of any portion of the work?—A. There was a small part of the concrete at the upper end that had been affected by the frost during the winter, that had not been properly covered, that did fall in, but it was a very short section.

Q. How much?—A. Twenty or thirty feet, perhaps, just the top of the crown of the arch only. It appeared next day in the newspapers, but it was only a few dollars, five or ten dollars.

Q. And the same paper reported that this work was costing \$60,000. The members of the committee laughed at that, but you come forward this morning and tell us the cost is \$98,000?—A. I am not telling you it is \$98,000.

Q. We have your evidence this morning and we will not go over it again. Is the government to pay for that or will Mr. Wallberg get paid for the damage under your arrangement?—A. \$5 or \$10 would cover it. That will be deducted from Mr. Wallberg’s account finally as all other deductions are.

Q. You think it will?—A. I know it will.

Q. Having your attention called to the evidence that Mr. Butler gave, the evi-

dence that Mr. Wallberg gave on two occasions and your own evidence on the 5th and 6th of May, you have no other statement to make have you in connection with this matter beyond what you have already told the committee?—A. No.

Q. And you are satisfied to leave it at that —A. Quite.

*By Mr. Reid (Grenville):*

Q. I want to ask you one or two questions. You say that this contract was given on account of the urgency of this work?—A. It was urgent.

Q. Had the buildings been under construction for some little time?—A. They were starting.

Q. When you gave the contract for the buildings, or were preparing for the buildings, did you expect that a sewer would be required?—A. Those plans were not prepared by me.

Q. Well, when it was understood that plans for the buildings were to be prepared, did you as engineer, expect that a sewer would be required to lead from them?

Mr. CARVELL.—He says he did not prepare the plans. You might ask him, if, as engineer, he would consider a sewer necessary.

*By Mr. Reid (Grenville):*

Q. As engineer, would you consider it necessary to have a sewer from these buildings?—A. Oh, yes.

Q. You would?—A. Oh, yes.

Q. Did you recommend the construction of these buildings?—A. No.

Q. You did not recommend them?—A. No.

Q. When were the plans sent to you for the building, was it long before the sewer was started?—A. They were not sent to me, the plans that were prepared here, but were exhibited in the general manager's office at Moncton and in the offices here at Ottawa.

Q. What I want to get is how long before June, 1907, were these buildings started and under construction?—A. I would have to refer to the contracts to tell.

Q. Was it months ahead of that, or was it weeks or days? I do not want to know within a week or a day, but was it several months before that?—A. The tenders were asked for, I think, early in the spring.

Q. In the spring of 1907?—A. Yes.

Q. And when the tenders were asked for you knew there was a new sewer to be built?—A. As I say, I had very little, in fact nothing to do with the preparation of these plans, I did not consider them at all—

Q. Naturally you would have to assume that a sewer was required?—A. I did not consider them at all until the work began and I was given charge of it.

Q. Did you think that that sewer had to be started so promptly that you could not have taken 10 days to advertise for tenders?—A. No, you could not.

Q. You do not think that?—A. And, as I have explained to you before it was not possible to have two contractors doing the same work at the same time, working on the ground.

Q. The sewer is a different work from the buildings?—A. Yes, but it is on the same ground.

Q. How are the buildings paid for, by progress estimates every month?—A. Yes.

Q. Did Mr. Wallberg ever ask for a progress estimate on this work?—A. No.

Q. He never asked you?—A. No.

Q. Was it ever understood between Mr. Wallberg and you that he was not to be paid until the work was completed?—A. That was the general understanding between us, and I explained here before that I had another reason for that in my mind, that I always want to keep progress estimates rather under than over, because at the beginning of the work it always costs more than at the end.

Q. There is no progress estimate at all on this?—A. No, not on this.

Q. You understood that this was a very large amount and you expected Mr. Wall-

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berg would not get any money until the work was all completed, notwithstanding that it was going to cost a large amount?—A. I think I told him he would have to finish the work before he got any money.

Q. Did Mr. Wallberg ever tell you how much he had spent up to a certain time?—A. No.

Q. He never drew your attention to that fact at all?—A. No.

Mr. CARVELL.—That is what it is to have a wealthy man doing contract work?

Mr. CROCKET.—Yes, the country is under an obligation to him.

The CHAIRMAN.—Is that all? You are discharged, witness.

*By Mr. Crocket:*

Q. I want to ask you one or two questions in connection with another subject. You told us when you were last here, in reference to the change in the foundation walls of the buildings under Mr. Wallberg's contract. You were asked the question, at page 149 of the evidence:

Q. Were you consulted by the engineers in the department here in the preparation of the original plans and specifications?—A. In a general way as to the location, but not as to the details of the width of the foundation walls or their depth into the ground.

Q. Do you remember telling us that?—A. Yes.

Q. Of course you do not wish to change or amend that statement?—A. No.

Q. Now, Mr. Butler, the deputy minister, when he was on the stand was asked about your assuming the responsibility of changing the depth of the walls and the width of the walls and he made this statement in explanation:

When the works were decided to be built on that site a certain number of borings, test pits, were dug, showing the character of the foundation. It was reported from these test pits that the formation was a gravelly clay, which is perfectly safe for three tons per square foot area of pressure. That was all the information that the designing engineer could have at that time and the minimum depth to put it below the frost line which must be four feet three inches in order to prevent the frost getting into the foundation was specified. Now as soon as the actual trench upon which the foundation itself was to rest was opened up Mr. Mackenzie, in the exercise of his judgment as the chief engineer, came to the conclusion that certain portions which he saw there were not as hard and solid as he had led us to believe, and for that reason he carried it down to a firmer stratum, that is the reason for the alteration.

Q. These specifications were prepared upon the report which you received from Moncton as to the nature of the ground?—A. Yes.

And then, a little lower down:

Q. These specifications then were prepared and the depth of four feet three inches was fixed, upon the strength of Mr. Mackenzie's report?—A. Yes.

Q. As to the character of the soil?—A. Yes.

Q. Now, what have you to say to that, Mr. Mackenzie?—A. I did dig two or three pits and reported as given there. I did not say there that the line only wanted to go down four feet three.

Q. But you did sink, you say, two or three test pits?—A. I do not remember how many, but I did sink some.

Q. You did sink some test pits for the purpose of ascertaining to what depth those walls should be carried?—A. For the purpose of ascertaining the character of the ground.

Q. To ascertain the character of the ground for the purpose of determining to what depth the walls should be carried?—A. I did not know what use was being made of them, I simply told Mr. Butler what the ground was like.

Q. Is that all?—A. That is all I can remember of it.

Q. Well, is this statement of Mr. Butler's a misconception or not, that these plans were prepared upon the strength of your report?



MR. CARVELL.—How does he know?

MR. CROCKET.—I am asking him.

MR. CARVELL.—He doesn't know what Mr. Butler did, he says he made two or three test pits and sent the result to Mr. Butler.

*By Mr. Crocket :*

Q. And do you tell us this morning you had no conception of what those test pits were sunk for ?

*By Mr. Carvell :*

Q. He did not tell us that at all ?—A. Yes, in a general way I did know Mr. Butler wanted to know the character of the ground there with a view to the works being built.

Q. And with a view of determining the depth of the walls, don't you know ?—A. Indirectly, I suppose I understood that.

Q. And did or did you not make a report as to four feet three inches being sufficient ?—A. I do not remember any four feet three inches report, there is no report of that on the file.

Q. Now, having your memory recalled to that matter of sinking test pits, and your communications to the department, do you still adhere to the statement that you were not consulted at all with reference to the depth of the foundation walls ?—A. To that extent, the sinking of these pits, I did that. However, I had forgotten about them when I gave my other evidence.

Q. And you see that Mr. Butler informed this committee that four feet three inches was specified as the minimum upon the reports furnished by you ?—A. That may be.

MR. CARVELL.—That is the minimum, not the maximum.

*By Mr. Crocket :*

Q. That may be, and notwithstanding that, as soon as Mr. Wallberg gets his contract and starts to do the work, you assumed the responsibility of telling him to carry them two feet deeper and one foot wider without consultation with Mr. Butler or the designing engineer ?—A. Yes, that is correct.

Q. And you knew that Mr. Wallberg had a pretty nice figure for excavation under his schedule price, didn't you, and also on concrete ?—A. I think probably the schedule price will pay the actual cost.

Q. \$12.75 for concrete and 58 cents for excavation ?—A. I think those are the prices.

Q. And you knew also that, on the same ground, Rhodes, Curry & Co. were being paid 38 cents for excavation and \$8.50 for concrete—A. That was for another building, and another class of building.

Q. But the excavation was all the same, wasn't it, it was on the same ground ?—A. The excavation would be the same but the foundations would not.

Q. Yes, 58 cents in the one case and 38 in the other, for excavation, and that gave Mr. Wallberg extras on that alone of over \$10,000 under these fancy schedule prices.—A. The two feet was additional.

*By Mr. Carvell :*

Q. Was Mr. Walberg's contract obtained by public tender ?—A. It was.

Q. Was it advertised in the public newspapers ?—A. Yes.

Q. And every contractor had an opportunity to tender ?—A. Yes.

Q. Was Mr. Wallberg's tender the lowest ?—A. Yes.

Q. Now with reference to the contract with the Rhodes, Curry Company to which reference has been made, was their work done under contract ?—A. Yes.

Q. Obtained after tender ?—A. Yes.

Q. It was opened to the public ?—A. Yes.

Q. And theirs was the lowest ?—A. Yes

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*By Mr. Finlayson :*

Q. Are you aware that the Rhodes, Curry Company put in a tender on another work there which they withdrew? No answer.

*By Mr. Crocket :*

Q. I would like you to give the committee an idea of how much of that sum of \$75,000 which you stated this morning had been incurred, on this work up to the present time, is for labour and how much material. Have you got the statement there?—A. I think I have—\$30,000 for labour on the main sewer and \$10,000 for labour on the branch sewers.

Q. For labour?—A. For labour.

Q. Mr. Wallberg told us he thought it might be over \$5,000.—A. On the water system, \$17,000 for labour.

Q. \$17,000 for labour on the water system, that is \$57,000 for both?—A. That is all for labour on the water system, because the railway supplied the pipes.

Q. That is \$57,000 for labour and then the balance is for material?—A. For material.

Q. When you say 'labour' is that confined to the wages paid to the men?—A. That is it.

Q. What about the teams?—A. And the teams also.

Q. All the teams used were Wallberg's, were they not?—A. I think they were.

Q. How many teams were used?—A. I do not know.

Q. Could you not tell us?—A. Oh, yes, I can produce it later.

Q. Well, I think, Mr. Chairman—I do not want to detain the committee, but this witness was brought specifically for this purpose. He was here before and told us if he had the books he could make a statement, but he would not make a guess about it?—A. I can tell you what the teams amount to.

Q. I want a statement.—A. If it is the teams you want, I can tell you what they amount to.

Q. I want the teams, the superintendence, foremen, and the number of men and all that?—A. I cannot tell you that.

MR. CROCKET.—I think the committee had better sit this afternoon and let the witness get the information.

MR. CARVELL.—Oh, no, we can't sit this afternoon.—A. I can give you the cost of the teams on the trunk sewer, \$6,700.

*By Mr. Crocket :*

Q. \$6,700, for Mr. Wallberg's teams on the trunk sewer?—A. Yes.

Q. For how many teams?—A. I cannot give you the number.

Q. He has not given the number of teams, and Mr. Wallberg could not give us any idea—these were teams Mr. Wallberg was using on these grounds under his contract?—A. That is what he paid for teams on the trunk sewer, \$6,700.

Q. And how much on the others?—A. The teams are in with the labour on the water system and the branch sewers.

Q. But on the trunk sewer they are in addition to the \$30,000 labour, is that right?—A. The labour of the men on the main trunk sewer is \$29,992.75, and the teams are \$6,737.50, that is on the main trunk sewer, and as I say for the other two works the teams are included with the men, so that I cannot give them separately.

MR. CROCKET.—I would like to have a statement of the number of men and the number of teams, and if the witness cannot give it now I think he ought to come back this afternoon or to-morrow morning if Mr. Maekenzie prefers it, but he should come back, I am not through with him.

THE CHAIRMAN.—Is not this evidence all out of order? It seems to me that it is. In connection with the items for the buildings it is proper perhaps to get in a general way what the whole thing will cost, but I do not think we are here to investigate

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details of accounts which have not been paid and which will come into the Auditor General's report for another year.

Mr. CROCKET.—I want some other information from this witness who was to produce books that I have not had a chance to examine.

Mr. FINLAYSON.—You have no right to examine in connection with this sewerage and water system.

Mr. CROCKET.—I want to find out if Mr. Wallberg has charged in connection with this work for labour and materials that are being used in connection with his contracts with the government. That is what I want to find out.

Mr. CARVELL.—I move that this witness be discharged.

Mr. CROCKET.—I object to the witness being discharged, I want to examine this witness not only in respect to this matter, but in respect to other matters that are in the Auditor General's reports which have been referred to us.

The CHAIRMAN.—Some time ago when it was suggested that this whole question was out of order I was told that there were only a few more questions to ask and so I let them go.

Mr. REID (Grenville).—There are some other questions in relation to other buildings that are referred to in the Auditor General's Report which is before us.

Mr. CROCKET.—I want to have an opportunity of examining the books and papers that have been brought here this morning by the witness in accordance with the summons served upon him.

Motion of Mr. Carvell withdrawn.

The CHAIRMAN.—Is it the pleasure of the committee to adjourn until 11 to-morrow morning? Yeas 3, nays 3.—I vote yea. We do not wish to shut off anything, but it is on condition that the inquiry to-morrow must be on matters relevant to the reports of the Auditor General which have been referred to us, and we must have the items specified.

Committee adjourned.

#### HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

SATURDAY, July 11, 1908.

The Select Standing Committee on Public Accounts met at 11.20 o'clock a.m., the chairman, Mr. A. H. Clarke, presiding, and proceeded to the further consideration of a payment of \$63,376.05 and sundry other payments to Mr. E. A. Wallberg.

The CHAIRMAN.—What item, Mr. Crocket, are you going to take up this morning?

Mr. CROCKET.—I want to continue a few questions about Mr. Mackenzie's evidence of yesterday.

The CHAIRMAN.—Dealing with the sewer?

Mr. CROCKET.—Yes, I want some further explanation from him.

The CHAIRMAN.—Does the examination apply to items in the Auditor General's report?

Mr. CROCKET.—I submit that it relates to items in the Auditor General's report. It relates to a item of \$60,698.15 for freight-car repair shop, and an item of \$63,376.05 for passenger-car repair shop and store buildings at page W—59.

The CHAIRMAN.—Are you going to ask about sums included in these items?

Mr. CROCKET.—This sewerage and water system is in connection with that.

The CHAIRMAN.—That is not included in the items referred to.

Mr. CROCKET.—I wish to connect the construction of the sewerage and water systems with these payments. I say that the payments in the Auditor General's



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report for the freight-car repair shop, passenger-car repair shop, paint shop and so forth have been made to Mr. Wallberg ostensibly under his contract for work performed by his own men under that contract, whereas the work is being done by the men employed by Wallberg under another arrangement with the government on which he is to receive their wages plus 15 per cent. I want to find out whether these are *bona fide* payments for work performed by Mr. Wallberg under the terms of the contract or whether the work is being done by men who are being paid under another contract?

Objection raised by Messrs. Macdonald, Carvell, Finlayson and others on the ground that it was proposed to inquire into payments which had not yet been made, and might never be made, but which would, if made, in due course come up for examination after the publication in the Auditor General's report.

The CHAIRMAN.—I think it was proper to show in a general way that in addition to these buildings there was a sewerage and water system under construction. What is attempted now is to go into details of that sewerage and water construction, the amount of money spent and all that sort of thing. The matter has to go before the deputy minister who has to pass on it and who may say 'I will not pay the contractor a cent.'

Mr. CROCKET.—Most of Mr. Mackenzie's evidence has been in reference to this subject. He has been brought back a second time and examined in regard to it and Messrs. Butler and Wallberg were also examined almost exclusively with reference to the same subject. We have now the evidence to show that practically 75 per cent of the statements made in reference to this matter were incorrect. Now when the matter is getting a little hot these gentlemen make their first objection.

Mr. FINLAYSON.—That is not true. I objected to it the first day you examined Mr. Wallberg.

The CHAIRMAN.—I do not think that is a fair statement. The evidence was about to be closed yesterday and you said you had one more question to put to the witness. After your main examination, and after Dr. Reid's main examination you said that you had just one more question and that would wind the matter up. Then for some reason or other you wanted to open up the investigation further. The question came before the committee as to whether Mr. Mackenzie should be discharged or remain over for further examination until to-day. I gave the casting vote in favour of his remaining over until to-day but on condition there should be no further inquiry about these items with respect to the sewerage and water system.

Mr. CROCKET.—I did not so understand it.

The CHAIRMAN.—What I said is in the record and I will read it for the benefit of the committee. (reads):

'The CHAIRMAN.—I vote yea. We do not wish to shut off anything, but it is on condition that the inquiry tomorrow must be on matters relevant to the reports of the Auditor General which have been referred to us, and we must have the items specified.'

I think you have a perfect right to show, if you can, that the work which these items refer to as having been done, was not done, and that, therefore, the contractor was not entitled to receive his moneys. There would be no limitation upon anything of that sort. But when you want to go further and bring out evidence regarding wages in connection with an expenditure that is not in the report at all, I think the committee has no power to take it up. Both sides have been going very far in this matter, but there must be a limit to it.

Mr. FINLAYSON.—Mr. Butler told us there was no contract, that Mr. Mackenzie had no power to make the agreement which he did.

Mr. CROCKET.—This witness says there was a contract. It looks as though your ruling, Mr. Chairman, will prevent me from asking other questions so far as the sewerage and water system are concerned.

The CHAIRMAN.—I have no objection to the line of evidence concerning the character of the work which you have been giving, but when you come to the details of the

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payment or the number of men on the work. I shall rule against the examination as not being connected with the matter before us.

Mr. REID (Grenville).—Your ruling would exclude our asking anything at all with reference to the time-books produced by Mr. Mackenzie.

Mr. CROCKET.—This committee ordered specifically that the witness produce those time-books.

Mr. MACDON. LD.—When there was no quorum and my honourable friend wrote out the summons.

Mr. CROCKET.—The secretary of this committee wrote out the summons.

Mr. FINLAYSON.—There is a stronger objection than that: this committee had no authority to issue such a summons. We have no jurisdiction to investigate anything that is not properly before us.

Mr. CROCKET.—The motion was put to the committee and carried, that Mr. Mackenzie produce these time-books with a view to his examination concerning the sewerage and water system.

Mr. REID (Grenville).—Take the time-books and go ahead with the examination and if the Chairman rules it out of order all right.

The CHAIRMAN.—I have given my ruling. If you want to appeal from it you may as well do so.

The examination of Mr. W. B. Mackenzie resumed.

*By Mr. Crocket:*

Q. When you were before the committee yesterday——

The CHAIRMAN.—One moment, there is something the witness wants to explain.

The WITNESS.—I gave a wrong date yesterday. I said June 18, 1907, was when the sewer was commenced. It was commenced September 7, 1906. I also promised Mr. Crocket to give him the dates upon which certain contracts were let. For the freight-car repair shop, tenders were received at Ottawa on June 15th

Q. When was that?—A. June 15th, 1906, and the contract was let almost immediately afterwards.

Q. It was let on the 18th September, 1906?—A. At least the contractor was notified immediately afterwards I should say. Those contracts are sometimes not signed for a considerable time afterwards but the contractor is notified immediately upon the acceptance of his tender.

*By Mr. Reid (Grenville):*

Q. And in this case what is the date?—A. For the freight-car repair shop, tenders were received on June 15th, 1906, at Ottawa. The passenger-car repair shop, paint shop and stores and office building tenders were received at Ottawa on August 28th, 1906. The locomotive and machine-shop tenders were received at Ottawa on December 10th, 1906. The tenders for power-house, gas-producer, kiln-drier, &c., on June 14, 1907.

*By Mr. Crocket:*

Q. Now, Mr. Mackenzie, have you not seen the contracts themselves? Why do you not give us the dates of the contracts instead of the dates on which tenders were received?—A. I told you why; because these contracts are usually not signed for some time afterwards. These are the dates on which they received the tenders at Ottawa, immediately after which the contract was awarded to the lowest tenderer and the——

Q. Just look at that contract for the car-repair shop and say what is the date (handing contract to witness)?—A. (After referring to contract) The 18th day of September, 1906, but as I explained those contracts are sometimes not signed——

Q. I see why you get back to the tenders and prefer to give the dates on which they were received rather than the dates of the contracts themselves?—A. I can give the dates of the contracts also but, of course, the dates mean nothing.

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Q. What is the date of that one (handing another contract to witness)?—A. 29th day of October, 1906.

Q. Did you not tell this committee yesterday that the reason you took the responsibility of entering into this verbal agreement without tender was that it was necessary to protect the buildings?—A. That is right.

Q. You did that?—A. I did.

Q. And that there were three or four feet of water on the ground and a mile and a half of wall to be protected, and if this arrangement, which you made with Mr. Wallberg, had not been entered into, these buildings would not have been worth five cents? Did you not say that yesterday?—A. No. What I said was that during that winter there would be nearly a mile of wall exposed and covered with water.

Q. We will see what you said?—A. Those buildings were commenced immediately and the foundations put in very rapidly so that by the winter there would be very nearly a mile of wall exposed, that is the very first winter.

Q. This is what you said in your evidence yesterday (reads):

‘Q. But your justification for entering into this verbal arrangement with Mr. Wallberg is that you deemed it did fall within the terms of the contract?—A. I looked upon it as a necessary part of the work and one which was absolutely essential for the safety of the buildings that we were then constructing. If the sewer had not been built in the way it was built and at the time it was built, the buildings would have been destroyed, there were over one and a half miles of wall exposed to the inclemency of the winter and the frost.’

A. That was the mile and a half referred to——

Q. Did you say that, yes or no?—A. I did, but the mile and a half referred to the second winter.

Q. You gave two reasons justifying your making this extraordinary agreement with Mr. Wallberg. First that you had authority under the contract. To-day you say the contract was not then let. Is not that the fact?—A. The contract for those buildings were let June 15th, 1906. There were contracts for four buildings let before the sewer was started.

Q. Do not get away from the point, Mr. Mackenzie. Yesterday you referred to the contract that was made and said you made this arrangement under that contract. To-day you tell us the contract was not let?—A. I don't understand what you mean. I am giving you the dates on which these contractors were notified that their tenders were accepted and they were to proceed with the work immediately.

*By Mr. Macdonald:*

Q. When did the work begin?—A. It began immediately. I know that the contractor began his work almost the moment he received information from Ottawa that his tender was accepted and that was on June 15th, 1906.

Q. When the contract was signed?—A. No, not when the contract was signed. Sometimes these contracts are not signed for months after the work is commenced.

*By Mr. Reid (Grenville):*

Q. When was this?—A. In August, 1906. There were five buildings altogether and there was a contract for the planing mill let to Rhodes & Curry. There were five buildings under way.

*By Mr. Macdonald:*

Q. In the summer of 1906?—A. Yes, the summer of 1906, and before that winter came there was a mile of wall exposed, or very nearly so.

*By Mr. Crocket:*

Q. Do you, as chief engineer of the Intercolonial Railway, say that contractors would go to work without the contracts being executed?—A. Immediately upon receiving notice that their tender is accepted they begin work, and they are told to do it.



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Q. Without the contracts being executed?—A. Certainly, these contracts are not executed for weeks afterwards sometimes.

Q. And you say that, do you, as chief engineer?—A. Certainly.

*By Mr. Boyce:*

Q. Do you permit that?—A. These contracts are sent out from Ottawa, not by me at all.

*By Mr. Crocket:*

Q. So that Mr. Wallberg began work before he received the contract?—A. That is a quibble, Mr. Crocket.

Q. Isn't that what you say? He began work before he received the contract and before it was executed.

Mr. REID (Grenville).—Before it was signed.

The CHAIRMAN.—Before the contract was executed.

A. You know enough about the way business is done to know that, Mr. Crocket.

*By Mr. Crocket:*

Q. Is that what you say now, that Mr. Wallberg began work at Moncton on these jobs before the contract was executed?—A. He began the moment he received a telegram from Ottawa that his tender was accepted; he was told to do so, and that is what every contractor is told to do, it is done every day of the week.

*By the Chairman:*

Q. That is to commence work before the contract is executed?—A. Yes.

*By Mr. Crocket:*

Q. You told us yesterday that you relied upon clause 3 of the contract as your justification for letting this work on the sewerage system verbally to Mr. Wallberg, didn't you?—A. Yes, I did.

Q. Now, clause 3 of the contract you had never seen at that time?

Mr. CARVELL.—That is not so.

*By Mr. Crocket:*

Q. Let the witness answer himself, had you seen clause 3 of the contract at that time? Before the contract was executed?—A. I saw clause 3 of other contracts, we have the same printed form for every contract on the Intercolonial Railway.

Q. Had you seen clause 3 of that contract?—A. No not of that particular contract because it did not exist.

Q. And that is the clause you say was your authority for entering into a verbal arrangement with Mr. Wallberg? Now, then, instead of this work having been begun on the 18th of June, 1907, you tell us now it was begun on the 7th of September 1906; is that right now?—A. I corrected that date this morning.

Q. Are you sure of that date now?—A. Yes.

The CHAIRMAN.—He does not say that it is the date the work was begun but that is the date of his report: his report was dated the 15th or the 18th of June, stating that the work was under way then.

Mr. REID (Grenville).—Mr. Crocket is pointing out that Mr. Mackenzie swore yesterday that the work was begun in June, 1907, but to-day he has corrected it and stated that it was commenced in September, 1906?—A. That is the time that sewer was commenced.

*By Mr. Crocket:*

Q. Are you sure that instead of the work having commenced on the 18th of June, 1907, as you declared yesterday, it was begun on the 7th of September, 1906?—A. That was the sewer.

Q. Do you still adhere to your statement made yesterday that there were over

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one and a half miles of wall exposed to the inclemency of the winter and frost at that time?—A. That referred to the second winter; there was pretty nearly a mile the first winter.

Mr. CARVELL.—My honourable friend (Mr. Crockett) is incorporating in this question something that does not exist. The witness did not say that at the time the work commenced there was one and a half miles of wall exposed, there is no doubt at all that there is now one and a half miles of wall, but not at the time the work commenced, there was about a mile the first winter, and there was one and a half miles of wall exposed eventually.

*By Mr. Crockett :*

Q. The trouble would not happen until the winter came. Just let me read what Mr. Mackenzie said yesterday :

‘If the sewer had not been built in the way it was built, and at the time it was built the buildings would have been destroyed; there were over one and a half miles of wall exposed to the inclemency of the winter and the frost.’

A. That was the first and second winter together.

Q. When you said that yesterday you had reference to June, 1907?—A. No, I knew there were—

Q. But these were the reasons operating in your mind in June, 1907?—A. After the beginning of the work.

Q. And now you come back to the date, the proper date?—A. You are mixing up the beginning of one work with the beginning of another work, I was wrong in the date yesterday.

Q. I am not mixing up the date at all, if there is any mixing up in this matter I am not doing the mixing.—A. It was the date of the beginning of the sewer I gave you yesterday, that was wrong, the 15th of June, 1907. That date was wrong, and the mile and a half of wall is the perimeter of the whole number of buildings erected now and I said—I do not know whether I said it or not, but I intended to say it, that there would be about one mile of wall in the first winter.

*By Mr. Carvell :*

Q. I think that statement is on record?—A. There were five buildings there, at all events the foundations of five buildings exposed.

*By Mr. Crockett :*

Q. ‘I wish to show you’ you said yesterday the necessity that existed at the time for the prompt completion of that sewer to take the water away. The water was standing three and four feet deep around the walls of the building at the time—’

Mr. CARVELL.—Does he say that the water was standing three or four feet deep around the walls of the building at that time? He did not say that.

Mr. CROCKETT.—I am reading from the evidence. (reads) : ‘I wish to show you the necessity that existed at the time for the prompt completion of that sewer to take the water away. The water was standing three and four feet deep around the walls of the buildings, which would be at that time, one mile in length if they were stretched out in a line.’

Mr. CARVELL.—I thought you could not find that there?

Mr. CROCKETT.—Well, you see I have. Mr. MacKenzie, for reasons which it now appears did not exist, thought it was necessary to make this contract with Mr. Wallberg without referring to Mr. Butler—

Mr. CARVELL.—‘And without tender,’ do not forget that, Mr. Crockett.

*By Mr. Crockett :*

Q. These walls were one mile in length, you say, at that time?—A. These walls were commenced immediately after the 15th of June, and they had June, July and August, say two or three months, with the work going on at a great rate. The walls were going in almost as fast as you could walk along the ground, and by the begin-

ning of that winter these walls were all in for the five buildings, as I say, exposed to water three and four feet deep, with the winter coming on and without a drain. That is what I meant; I do not know that it is clear there, because there is a little difficulty about getting these things down just as they are said, and a little difficulty also in saying them just as you want to say them; but what I wanted to do was to tell the truth about it, and I got fairly near to it.

Q. You got fairly near to it?—A. I consider I did.

Q. Do you desire to alter that statement of yesterday in view of the statement you made to-day as to the date of the commencement of the work?—A. I have corrected one of the dates and I have given you dates here to-day which I did not have.

Q. I mean about the commencement of the work?—A. I have given you the dates here to-day, which are absolute and which I did not have before me yesterday. I cannot carry these dates in my head, you know, but these are actual dates that I am giving you now.

Q. As I understand you then, the reason you entered into this agreement with Mr. Wallberg in such haste and urgency, and without communicating with any superior officer in regard to it, was the danger to the walls of the building that was imminent at that time?—A. Yes, and no doubt I had in my mind also the other walls that would be built later.

Q. Other walls would be built later?—A. And for which the plans were then being prepared. I had the whole layout before me.

Q. Was it a danger that was then imminent?—A. Partially.

Q. Or was it to protect it from the frost and the inclemency of the winter weather?—A. It was both.

Q. And yet you tell this committee, do you, that the reason you did not communicate with Mr. Butler was the extreme urgency of the case?—A. That was one reason.

Q. Wasn't there time before this danger would become so imminent——?—A. I did not consider——

Q. The inclemency of the winter's frost was so imminent you had not time to write or telegraph Mr. Butler?—A. I did not consider that there was time and I did not consider that two contractors could work at the same place at the same time.

Q. There was no time, in your judgment, to either write Mr. Butler or telegraph, is that right?—A. No, there would have been time for it.

Q. There was time after this contract had been let by you to inform Mr. Butler that you had let it?—A. Yes.

Q. There have been about eighteen months since, nearly twenty months, have there not?—A. Yes.

Q. And you had not reported to Mr. Butler down to the time of Mr. Butler's examination here, six weeks ago?—A. I told you that.

Q. You told us that, didn't you?—A. I told you in my evidence that I pointed the place out to Mr. Butler on the ground.

Q. When? Late last fall?—A. In the fall of 1907.

Q. And you told us furthermore, when you pointed it out to him you never told him who was building it or on what terms it was being built?—A. I don't recollect.

Q. You don't recollect?—A. Telling him that—what you have said, I do not recollect it.

Q. Did I not ask you yesterday, Mr. MacKenzie, if, at the time you pointed this work out to Mr. Butler, that is the sewer, he asked you who was building it or on what terms it was being built?—A. I answered that yesterday.

Q. And you said you had no recollection of having done so?—A. What I said yesterday was correct.

Q. In that respect?—A. Yes, in that respect, and if you will turn to it my words are there, I do not remember just exactly what they were, but what I told you yesterday on that point is correct.



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Q. You never had any written communication with Mr. Butler in respect to the matter?—A. I have answered that several times.

Q. You answered that you had not, is that correct?—A. You will find it on the records.

Q. Will you tell me it was because of the inclemency of the winter weather of 1906 and 1907 that you have not reported to Mr. Butler down to this time that you had let this contract for \$100,000? Is that the reason you assign for your failure to do that?—A. The inclemency of the weather?

Q. Yes?—A. No, I think not.

Q. Now, you produced a statement which you had with you yesterday from which you gave an item or two as to the cost of that sewer, for labour and teams, it was a typewritten summary of the cost.

Mr. CARVELL.—That raises the question again of relevancy.

*By Mr. Crocket:*

Q. Did you not, Mr. Mackenzie, produce that statement?—A. I gave you items from a statement which I had in my pocket, and I gave you all you asked for.

Q. Did you not prepare a summary of the cost of this sewer which you brought here to give to the committee in accordance with your summons?—A. I had a memorandum in my pocket to which I referred and from which I gave you certain sums the other day.

Q. That was a typewritten summary which sets out the cost of the sewer and water system?—A. Yes.

Q. Have you that summary with you this morning?—A. I have not.

Mr. ROSS (Cape Breton).—Is not this a matter on which we had a ruling? Are we going to stay here all day at the end of the session, when the House is in session dealing with a matter which was settled yesterday?

*By Mr. Crocket:*

Q. I ask you, Mr. MacKenzie, if you have that statement with you this morning?—A. I have nothing with me this morning that I had with me yesterday, because I understood that matter was closed. I brought other information with me to-day on which I thought you might ask questions, and I have it here, but I have no papers here which I had with me yesterday, for that reason.

Mr. REID (Grenville).—Are we to be shut out from ascertaining why these books are not here.

Mr. ROSS (Cape Breton).—I ask the ruling of the Chair.

Mr. CROCKET.—It is clear we cannot put questions on that statement now if the witness hasn't got it.

The CHAIRMAN.—You have asked if he has it and he says he hasn't.

*By Mr. Crocket:*

Q. Didn't you attend in this committee room yesterday afternoon at half past three in accordance with an appointment with me which you made in the presence of members of this committee, and did you not then produce that statement that I want to examine you upon now?—A. Yes.

Q. And you saw that I examined that statement and the time books?—A. Yes.

Q. You brought these up from Moncton, you prepared them at Moncton for the purpose of giving information to this committee?—A. And I gave it.

Q. Did you not bring those here for the use of this committee?—A. I did not. I brought these memoranda, from which I read certain items you wished to know about.

Q. And you did that when under examination?—A. Yes, I did so.

Q. You brought the time-books here to lay before this committee?—A. These were not time-books.

The CHAIRMAN.—It is for the committee to say that.

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*By Mr. Crocket:*

Q. I want to find out why those books are not here this morning.

WITNESS.—I thought the matter was closed.

The CHAIRMAN.—I have already ruled that when the vote was taken yesterday it was decided that the examination to-day should only be on matters contained in the Auditor General's Report, which has been referred to us.

Mr. REID (Grenville).—Are we to be shut off from examining those time books that we were allowed to see here yesterday by the direction of the committee?

The CHAIRMAN.—I do not agree with that statement at all; Mr. MacKenzie said he would come up and show them to you, that is all; there was no order of the committee.

Argument followed.

The CHAIRMAN.—Let us have an understanding about that; if you want to test my ruling that you cannot go into the details of expenditure on sewers which has not yet been made, you can appeal from my ruling. I rule that the matter is not before us and that we have no authority to investigate it.

Mr. REID (Grenville).—All right, then, take the vote.

The CHAIRMAN.—I rule that particulars of an expenditure upon sewers which has not yet been made, and which does not appear in the Auditor General's Report which has been referred to us for investigation, is not evidence, and that the committee has no right to go into it.

Ruling of the chair sustained—Yeas, 13; nays, 12.

Mr. CROCKET.—You prevent me, then, Mr. Chairman, from examining any further into the details of this contract for sewers?

The CHAIRMAN.—That is what the committee say.

*By Mr. Crocket:*

Q. Now, Mr. MacKenzie, I want you to explain to me why you did not bring those papers here this morning that you had here yesterday?—A. I told you I thought the case was closed.

*By Mr. Bennett:*

Q. Are those books and memoranda in the building here?—A. No.

Argument followed.

Mr. CROCKET.—I want to know, Mr. Chairman, if you shut off all further investigation into this matter of the sewer?

The CHAIRMAN.—My idea is that the whole of this evidence regarding sewers is irrelevant, and is not properly before the committee. A great deal of latitude has been allowed; I think the committee has gone into a great deal more than it had any right to go into.

Mr. CROCKET.—I have many other questions in reference to that, but if you are going to shut off any questions I may ask in reference to the sewerage and water system there is no use wasting any further time.

*By Mr. Bennett:*

Q. Before the sewer was commenced, Mr. MacKenzie, did you make an estimate of what it would cost?—A. No, I did not.

Q. Did you make an estimate of how many feet there would be in it?—A. I made a survey of the length of it.

Q. What did that show?—A. About 2,500 or 2,800 feet, according to the place of discharge.

Mr. REID (Grenville).—Well, Mr. Chairman, if you are going to shut off the investigation into the expenditure on sewers I want to move this motion and put it on record in this committee.

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The CHAIRMAN.—Do you want to break into this inquiry?

Mr. REID (Grenville).—You are cutting us off from further investigation into this sewer.

Mr. CARVELL.—Are you through with this witness? If so, we had better discharge him.

Mr. REID (Grenville).—We are through so far as this particular sewer question is concerned.

Mr. CARVELL.—Then the witness had better be discharged.

The CHAIRMAN.—I think the proper course is to let Dr. Reid state the nature of his resolution and then the committee can decide whether they will have the motion now or not.

Mr. REID (Grenville).—Then I move, seconded by Mr. Crocket: 'That in the investigation of E. A. Wallberg's accounts before the Public Accounts Committee it has been proved that the Department of Railways and Canals, through its officials, has given unauthorized verbal contracts, one of which has committed the government to an expenditure of over \$99,000, and from such investigation a very unsatisfactory state of affairs in that respect seems to exist. This committee recommends that the above facts be immediately brought to the attention of the government and that a royal commission be forthwith appointed to examine into the condition of the Railways and Canals Department and its administration.'

Mr. MACDONALD raised the point of order that the resolution referred to a question that was not legally or properly before the committee, it being one which had not been referred to the committee and with which they had nothing to do.

The CHAIRMAN.—I think I should put this motion to the committee.

Mr. MACDONALD.—Then I desire to have my dissent recorded.

The committee divided and the resolution was declared lost—Yeas, 11; nays, 16.

*By Mr. Crocket:*

Q. Mr. Mackenzie, in reference to the passenger-car repair shop, you told us yesterday that after this contract had been let to Mr. Wallberg you directed, without authority from the department, the contractor to deepen the walls and to spread them?—A. Yes.

Q. You said that you had no authority from the department to do that?—A. Yes, that is correct.

Q. You take the responsibility of directing that additional work whereby the sum of \$10,000 was added to the contract?—A. That is more than one building.

Q. Perhaps that applies also to the freight-car repair shop?—A. The passenger-car repair shop, paint shop and stores and office building are in one contract.

Q. Yes, that is already in the record. Is that the only change that you made in the contract for the passenger-car repair shop?—A. That is all the change of much consequence. I have answered that before, you know.

Q. That is all the change you made of much consequence?—A. There might have been other slight changes that I cannot think of now.

Q. You cannot think of anything else?—A. Not of consequence, Mr. Crocket.

Q. There were several changes made, were there not, after the contract had been left? I do not mean by you alone, but were there not several alterations made to the plans and specifications?—A. None that I can remember.

Q. Was there not a new story added to one of these buildings?—A. Not at that time.

Q. I am not speaking of that time, I am speaking of down to the present time?—A. You are dealing—

Q. Has there been a new story provided for in the contract or specifications, constructed in connection with the buildings?—A. You are dealing with matters not shown in the blue-book, I presume?

Q. Yes?—A. Because I do not wish to—



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Mr. Ross (Cape Breton).—Excuse me a moment. At what date was it you say a second story was added to the building?

Mr. CROCKET.—I don't know that it was a second story; it was an additional story.

*By Mr. Ross (Cape Breton):*

Q. Was there anything of that kind previous to, or since, March, 1907?—A. There was nothing in that payment that you have referred to for a second story.

*By Mr. Crockett:*

Q. Well, now, you are getting too technical, Mr. Mackenzie. As a witness before this committee you will answer my questions until they are objected to.

The CHAIRMAN.—I did not catch the question.

Mr. CROCKET.—I am asking the witness if there were any changes made in the plans or specifications for the passenger-car repair shop after the contract was made with Mr. Wallberg.

Mr. Ross (Cape Breton).—At what date?

Mr. CROCKET.—I did not ask the witness the date at all.

The CHAIRMAN (to witness).—Can you answer that?

Mr. CROCKET.—The witness answered by saying there was nothing covered by the payments in the Auditor General's Report.

The WITNESS.—I will give the details of the payment itself.

Mr. CROCKET.—You will, Mr. Mackenzie, give what I ask you to give until the committee decide that you shall not. Do you take the position that you will not answer any question in reference to Mr. Wallberg except in regard to payments that have already been made on these contracts that are set forth in the Auditor General's Report?

Mr. MACDONALD.—That is what the chairman has ruled.

Mr. CROCKET.—I want to understand that.

The WITNESS.—I will explain any payment which has been made. I will give the details of the additional excavation and concrete in that payment.

*By Mr. Reid (Grenville):*

Q. Was it for an extra?—A. It was an addition on account of lowering the foundations and widening the footings.

Q. Was it an extra over and above his contract?—A. I call it an addition, you may call it an extra.

Q. It is called an extra, is it not? Is that not what the committee are to understand your answer to mean?

*By the Chairman:*

Q. Do you distinguish between the two terms?—A. I don't use the word extra at all. I use addition or deduction.

*By Mr. Reid (Grenville):*

Q. Does the word addition mean the same as the word extra in regard to a contract?—A. Some people use them differently.

Q. You know very well what I mean. If I am not putting it plainly you have only got to say so. Does the word addition mean the same as the word extra in the case of a contract for building?

Mr. MACDONALD.—That is a legal question.

Mr. REID (Grenville).—You know, Mr. Chairman, what I mean.

The WITNESS.—There is a schedule for possible additions or deductions in these contracts. I am calling them additions or deductions. You may, perhaps, call them extras. However I don't call them extras.

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*By the Chairman:*

Q. Are they the same, are the terms interchangeable?—A. Many people use them differently.

Mr. CROCKET.—I want the witness to answer my question, which the stenographer can read. I want further to know whether we are to be shut out from asking questions in regard to any of these Wallberg matters.

The CHAIRMAN.—That is not the point.

Mr. CROCKET.—That is what he said.

The CHAIRMAN.—What I understand he says is that he is not prepared to answer upon matters that are not contained in the Auditor General's Report, in connection with payments appearing in the Auditor General's Report which we are investigating. If the question refers to payments that are in that report he must answer.

Mr. REID (Grenville).—I claim, Mr. Chairman, that your ruling will not allow us to investigate the accounts at all.

The CHAIRMAN.—You want to investigate what next year's Public Accounts Committee will have to investigate.

Mr. REID (Grenville).—We are asking if there were any extras paid for, and you are ruling it out of order.

The CHAIRMAN.—I am not ruling it out. What I say is that it must be in regard to matters that we can investigate.

Mr. REID (Grenville).—We want to know if there have been any extras?

Mr. CARVELL.—You have a perfect right to know that.

Mr. CROCKET.—In the Auditor General's Report are contained payments made on account of the passenger-car repair shop, paint shop, stores and office building, also on account of the freight-car repair shop, which was another contract. Both contracts were held by Mr. Wallberg, and I asked the witness if, after they were let to that gentleman, any other changes in the plans and specifications were made than he has already deposed to.

The CHAIRMAN.—I think that might be answered.

The WITNESS.—Not of any consequence up to the 31st March, 1907.

*By Mr. Reid (Grenville):*

Q. Were there any?—A. I am not saying what has taken place since that date.

Mr. CROCKET.—Not of any consequence up to the 31st March.

The CHAIRMAN.—1907.

*By Mr. Crocket:*

Q. There were changes of consequence though after the 31st March?—A. I don't answer that.

Q. Why don't you answer that?—A. Because I am confining myself to what you find in the blue book.

Q. Are you not prepared to answer?—A. Yes.

*By Mr. Ross (Cape Breton):*

Q. What was included in your summons, Mr. Mackenzie?

Mr. CROCKET.—I want the Chairman's ruling on that. The witness says he has information but he refuses to give it to the committee because the changes have occurred since the 31st March.

The CHAIRMAN.—Why should he?

Mr. MACDONALD.—That is all that was asked for in the summons, drawn by my honourable friend, which went to Mr. Mackenzie. That is all Mr. Mackenzie was summoned here to answer for.

The WITNESS.—I have no papers on anything—

The CHAIRMAN.—I understand you wish to investigate some extras that have arisen since, which are not covered by the Auditor General's Report.

Mr. CROCKET.—I want to investigate the operation of these contracts amounting to \$50,000 in each case.

The CHAIRMAN.—You want to investigate—

Mr. CROCKET.—Certainly.

The CHAIRMAN.—I know it is not the payments made that you want to investigate. It is the buildings for which the payments were made and some other work beyond that is charged for in the Auditor General's Report. I take it that what we are here for is to see that expenditures appearing in the Auditor General's Report have been properly made and for the purpose intended.

Mr. REID (Grenville).—How can we do that unless we investigate the buildings?

The CHAIRMAN.—You are investigating expenditures incurred subsequent to those which appear in the last report of the Auditor General and which will come up for investigation next year.

Mr. REID (Grenville).—A lot of those extras were incurred prior to March 31st.

The CHAIRMAN.—There is no objection to investigating any extras, or anything at all, covered by these payments in the Auditor General's Report. I do not think we have any right to go beyond that.

Mr. CROCKET.—Then I think this committee had better shut up shop.

Mr. CARVELL.—I think so too.

Mr. CROCKET.—If that is going to be the rule.

The CHAIRMAN.—We have got along pretty well so far.

Mr. CROCKET pointed to the latitude allowed in the Timber Berth Investigation as a reason why there should be no restriction in the present case.

The CHAIRMAN.—I don't remember any case where evidence was taken on matters which occurred subsequent to the expenditures appearing in the Auditor General's Report.

Mr. REID (Grenville) referred to the scope of the investigation into the travelling expenses of Hon. Mr. Brodeur.

The CHAIRMAN.—I find that my good nature has been imposed upon. Honourable gentlemen have asked to be allowed to put a question or two and when the privilege has been granted they have sought to make it a precedent for an examination of any length. There must be a limit to this.

Mr. CROCKET.—If you rule that we cannot investigate any other matter in this Public Accounts Committee than the items of a particular payment, under a contract, as set out in the Auditor General's Report, I want to know it.

The CHAIRMAN.—You can go into matters relating to payments that are contained in the report referred to us but not other payments.

Mr. REID (Grenville).—I want to put on record the fact that in order to prove that these payments were properly made in accordance with the contract it is necessary to investigate the building in so far as it has gone and in so far as the witness is able to give us evidence of it.

The CHAIRMAN.—If you will point that out I will consider that. What extra is there that you want to give evidence about that affects any of these payments contained in the Auditor General's report before us?

Mr. REID (Grenville).—What I claim here is that with regard to extras started on that building, whether under that payment or not, it may be necessary, in order to find out what that building cost that we may have to carry it a little further than the Auditor General's Report to 31st March, 1907, goes.

Mr. CARVELL.—There is no question whatever about that, the member for Grenville is right, he can ask a question of this witness in relation to that item of \$60,000.

Mr. MACDONALD.—If you take any extras ordered before that date.

Mr. CARVELL.—If my hon. friend wants to inquire into anything in connection with that item, he has the right to do so, but he has only the right to inquire into extras decided on prior to the 31st of March, 1907, but supposing in the month of May last in the construction of these works the engineer found in going over the plans that it was necessary to make changes in them, I do not think my hon. friend will insist



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that we have a right to investigate that, if the determination was not made before the 31st of March.

Mr. REID (Grenville).—Certainly, for instance they might have decided to erect a building of a certain size, and since then they may have made changes and enlarged the building so that the foundation erected may be no good.

The CHAIRMAN.—Anything like that I would allow you to go into, if it affects the payment made, which shows that there has been extra work or changes that have done away with the work that has been paid for, I think that is a proper item to go into.

Mr. REID (Grenville).—Mr. Crocket's question applies to changes of that kind.

Mr. CARVELL.—Will Mr. Crocket say that he wants to ask questions regarding extras that have been decided on since the 31st of March and which have done away with work already constructed?

Mr. MACDONALD.—There can be no investigation in reference to money that has not been paid prior to the 31st of March, 1907; there is no use Dr. Reid talking 'bunkum,' he is only laughing in his sleeve when he is doing it.

Mr. ROSS (Cape Breton).—As I understand the dispute between Mr. Crocket and the witness it was with reference to the widening and deepening of the foundation of the building, it was a question whether it was an extension or an extra. Now I claim it doesn't make any difference whether it was one or the other. Mr. Crocket wants to go further than that. He wants to go to the roof, although that roof was put on subsequent to the date of the Auditor General's Report which is before us. What I contend is that we have settled the question that they cannot properly go beyond that date, namely, 31st March, 1907. Any question they want to ask Mr. Mackenzie as to the foundation or as to the increasing of the width or depth of it, it is all provided for by the schedule of prices, and if they had put it deeper or wider it is a proper question to ask, and Mr. Mackenzie should answer, but I do not think it makes any difference whether he calls it an extra or an addition. But if Mr. Crocket wants to extend his inquiries to the roof for instance, why that happened since the 31st of March, 1907.

Mr. CROCKET.—Do you exclude that question?

The CHAIRMAN.—What is the question, there has been so much discussion I am not sure what the question is?

Mr. CROCKET.—I asked him if there had been any other changes than those he had already deposed had been made in the plans and specifications of the Wallberg contract at Moncton?

The CHAIRMAN.—He answered that.

Mr. CROCKET.—Then I asked if any had been made since 31st of March, 1907.

The CHAIRMAN.—I rule that is out of order.

Mr. CROCKET.—Then there is no good going any further.

Mr. REID (Grenville).—Then I will move that this case, in so far as it refers to the Moncton shops, be reported to the House.

The CHAIRMAN.—First of all let us dispose of this witness, is he discharged?

Mr. REID (Grenville).—We haven't any other question to ask him on that or any think else.

Mr. CROCKET.—There are some questions I want to ask him. I find a return here for the locomotive shops, and I see a payment of \$22,572 for progress estimate No. 1, paid to Mr. Wallberg on that account?—A. Yes.

*By Mr. Crocket:*

Q. I want to know if this Rindress that certifies to that progress estimate is the man that you told me yesterday prepared those time-books?—A. Partly.

Q. That man Rindress that certifies to that payment is the man who prepared those time-books?—A. He did a small part of it.

Q. And he is the man that you are depending on in that matter?—A. He prepared a small part of what you call time-books, but these are not time-books.

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Q. Well, whatever you call them; I wouldn't call them time-books.

The CHAIRMAN.—We are not going into these time-books.

Mr. REID (Grenville).—Does your ruling apply to every one of the Wallberg contracts?

The CHAIRMAN.—I do not know anything about Wallberg contracts.

Mr. MACDONALD.—Mr. Reid knows very well it is a commonsense ruling that nothing can be investigated except what is in the Auditor General's Report.

The CHAIRMAN.—It is laid down in the books of procedure that one thing a committee must be very careful about is not to exceed the powers conferred upon it, or to go beyond the matters referred to it. This year I think we have been going beyond that: there has been so much talk about things, but if I am to give the ruling, that will be my ruling in every case, that we cannot exceed the powers conferred upon us, or take up matters that are not contained in the reports referred to us.

Mr. REID (Grenville).—I suppose, then, that motion of mine will carry, that in so far as the item relating to the Moncton car shops is concerned the evidence be reported to the House.

Mr. MACDONALD.—We had better report everything relating to Wallberg because the evidence in regard to his different contracts on the Intercolonial Railway is all mixed up together.

Mr. REID (Grenville).—All right, report them all.

Witness discharged.

Mr. Reid's motion to report the evidence to the House adopted.

Committee adjourned.

# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

# \$31,235.35 TO KENNETH FALCONER

RE

THE REORGANIZATION OF BOOK-KEEPING, ETC., IN THE  
DEPARTMENT OF MARINE AND FISHERIES

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Faleoner *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
OTTAWA, Tuesday, March 3, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. Clarke, presiding and proceeded to the consideration of a payment of \$31,235.35 to Kenneth Falconer in connection with the reorganization of book-keeping, &c., in the Department of Marine and Fisheries, as set out at pages P—77 and 78, Volume 2, Report of the Auditor General for the fiscal period ended March 31, 1907.

Lieut.-Colonel GOURDEAU, Deputy Minister of Marine and Fisheries, called and sworn and examined.

The WITNESS.—Mr. Chairman, before proceeding any further, with your permission, I would like to make a statement to this Committee.

Hon. Mr. FOSTER.—I think I would rather examine the witness.

The WITNESS.—It is a matter outside of this Committee, if you allow me just to say a few words. I wish to say that I left this city on Thursday last for the purpose of organizing a trip on the north shore of the St. Lawrence by the Lady Grey, one of our ice breakers. On my return to Ottawa, upon reading over the Hansard I found that the Minister was charged with the responsibility of withholding the preparation of returns, or withholding the production of returns to the House. I think it is only fair, and it is my duty, to state here before this Committee that when those returns were asked for the Minister sent for me and not only was he most explicit in giving instructions to have the documents prepared, but he allowed me to appoint any extra clerks for the purpose of preparing the returns, and moreover, wished me to choose from the staff a man to whom I could entrust the work and in whom I could have every possible assurance that the work would be done as speedily as possible. Unfortunately the space at our disposal in the department is very limited. We can only employ a certain number of clerks, and with all the possible despatch that was used in preparing the returns, I was informed by Mr. MacCharles, the officer whom I had detailed to perform this work, and who has been an employee of the department for over sixteen years, that it was an utter impossibility to do this work in time. However, owing to the great many strictures, whether right or wrong, against the department, I feel that, as the head officer of that department, the blame to a certain extent is directed or perhaps tried to be placed upon myself. Under the circumstances I thought it was only just that I should take the course that I wish to state to the committee I have taken, and that was to address a letter to the minister this morning giving him a perfectly free hand as to how he could act and asking him for the second time to allow me my retirement. I have been in the department for over forty years, I am over age, and the increased work in the department has so taxed my health that I think it is due to myself that I deserve this retirement. I thought I would make this statement to the committee, I think it is due to the minister that I should make it.

Hon. Mr. FOSTER.—I have no objection to the statement being made, but it is a matter that concerns the House entirely and this committee not at all.

The WITNESS.—Well, I am sorry—

Hon. Mr. FOSTER.—These returns were not ordered by the committee, they were ordered by the House.

The WITNESS.—Yes, sir, they were ordered by the House. That statement is correct.

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Hon. Mr. FOSTER.—The accounts which have been ordered by the committee have already been brought down and they have been here for some time. The deputy minister of marine and fisheries is not in arrears to this committee at all. So far as I can see, it is a matter entirely for the House to deal with.

Mr. JOHNSON.—It has been distinctly charged that the department is in arrears to the House and the deputy minister's only opportunity is to make a personal statement here. Mr. Foster knows very well that he cannot go to the House to make his statement.

The CHAIRMAN.—It is no use our holding a post mortem now.

*By Hon. Mr. Foster:*

Q. You are the Deputy Minister of Marine and Fisheries, Colonel Gourdeau?—A. Yes, sir.

Q. Have you had any cognizance of the accounts presented by Mr. Kenneth Falconer in connection with the investigation into and the reporting upon the re-arrangement of the accounting system, the purchasing system and the like of that, of the Department of Marine and Fisheries?—A. Yes, a number of accounts were presented to the department at different times.

Q. They came to you as deputy minister?—A. Yes, sir.

Q. And they were passed upon by you?—A. No, sir, they were not passed upon. They were never considered as accounts, because I was not aware at the time of the conditions upon which Mr. Falconer was doing his work. They were simply advances. There has never been an account paid to my knowledge or recognized by the department, but he has been paid on account at different times, and the regulating and the closing up of his account is a matter which still has to be dealt with by the department.

Q. You say you had no grounds upon which to base an idea as to what were the terms of the contract?—A. No, sir.

Q. There was no written contract?—A. No, sir.

Q. Was there any memorandum of agreement that was ever placed in your hands?—A. I believe there must have been a letter; I have not seen it. I did not remember it at the time, but there were never any conditions as to how the charges were to be made. They had done some work for another department, and I was under the impression we would have to pay on the same lines. As I have stated, the payments which have been made at different times were only on account of work, there was never any kind of recognition, that is of the travelling expenses, or the boarding allowance, or in any way at all, considered. Advances were made and we always saved the department by retaining enough to have the settlement fixed up later on.

Q. The main point that I desired to get an answer to, and I think I have got the answer, is that no contract—A. No regular contract, no.

Q. Was ever presented to you?—A. No.

Q. And that, therefore, you could not base the accuracy of the account—A. Exactly.

Q. Upon anything?—A. Exactly.

Q. You had nothing to base it upon?—A. No.

Q. In that case when Mr. Falconer's first accounts came to you, in what branches were they divided?—A. I beg your pardon?

Q. When Mr. Falconer's first account came in, into what branches was it divided? There was a wage allowance per day, was there not?—A. Yes.

Q. And a board allowance per day?—A. Yes.

Q. And an allowance for transportation?—A. Yes.

Q. And the usual extra expenses of telegrams—A. All calculated on so many hours.

Q. And expenses of stationery?—A. Yes.

Q. Now with reference to the first account. The accounts for services were based on a certain rate of pay for each man, were they not?—A. They were based upon

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exactly the same lines, I was told by Mr. Falconer, as charged to the Department of Railways and Canals.

Q. You had a conversation in reference to the first account when it was first presented by Mr. Falconer?—A. Yes.

Q. Did you ask the minister as to how you should deal with it?—A. Well, the minister—yes, I must have spoken to the minister several times and we always came to the same conclusion that we had to ascertain whether the conditions were absolutely the same as were laid down on a former occasion by another department and which we considered would have been a satisfactory settlement.

Q. Let me understand you. Did you gather that Mr. Falconer was engaged to do this work and was to be paid at the same scale as he was paid by the other department which you mentioned?—A. Yes, and that was the understanding that the minister had of it.

Q. Did you ascertain what that other scale or basis of payment was?—A. Well, I tried to find out, but I could not.

Q. You did not find out?—A. I could not find out.

Q. The other department to which you referred was the Department of Railways?—A. Yes. It was a matter which, I think, the deputy minister considered as, well—semi-private. I could get the information from him, although I tried to do so.

Q. Then you had no information——A. I had no information.

Q. As to the basis of payment?—A. No.

Q. The first bill that came in was one for \$9,445.24, as it appears here?—A. Yes.

Q. It would appear that an advance had already been given to Mr. Falconer of \$5,000, and that would leave \$4,445.24?—A. Yes.

Hon. Mr. BRODEUR.—Does that appear in the evidence? The hon. gentleman makes a statement that it appears that such a thing has been done?

Hon. Mr. FOSTER.—I will see if it has been done.

Hon. Mr. BRODEUR.—The hon. gentleman states that an advance had been made previously. I do not think it so appears.

*By Hon. Mr. Foster*

Q. Just read that bill (showing document to witness)?—A. I think the accountant would be in a better position to be sure of this fact, sir. (After examining the document). Yes, I see, 'Less advanced.'

Q. 'Less advanced?'—A. Yes.

Q. 'Less advanced \$5,000,' leaving the balance of the bill \$4,445.24. That is what it says, does it not?—A. Yes.

Q. When that bill came to you at that time would you understand from it that Mr. Falconer had already received \$5,000 as an advance?—A. It looks like it there.

Q. Then what did you do with that bill?—A. It was sent to the accountant.

Q. It was sent to the accountant?—A. Yes.

Q. Before any marks were made upon it by yourself? What was your first action in connection with that Bill, that is what I want to find out?—A. What date was that?

Q. What was your first action as indicated by the account?—A. 'Pay subject minister's approval.' I must have seen the minister over that or I would not have taken any steps.

Q. What you read upon that account is——A. 'Pay subject minister's approval.'

Q. Then did you hand the bill to the accountant?—A. Not then, because there is a further mark on the account where I say, 'Pay.'

Q. That is so, you would make that entry afterwards. The first was in red ink. Then you ascertained that the account was to be paid?—A. Yes.

Q. Before you paid that you went to the minister with it?—A. Yes.

Q. And what answer did you get from the minister?—A. I really could not tell from memory.



Q. That you were to pay or not?—A. I would not have paid it unless I had the authority.

Q. And then you came back and put on the bill the word 'Pay'?—A. Yes.

Q. Now see whether that was an advance or not by the cheques? What is the first cheque there?—A. 29th November, \$5,000.

Q. 29th November?—A. Yes.

Q. And this bill is dated 30th November?—A. Yes.

Q. So that there was an advance of \$5,000—there was a payment of \$5,000 made by cheque drawn on the 29th of November? That is the first cheque there?—A. Yes.

Q. By whom was that cheque authorized to be advanced?—A. This one? (Indicating cheque.)

Q. No, the first one.—A. I could not say now from memory.

Q. Is it your idea, or not, that you had this whole bill before you before the advance was made?—A. I would not say, I would not like to say from memory.

Q. Would you think you had or had not?—A. There might have been another account, this might have been the second one sent in.

Q. You do not know by what authority that cheque was issued? The \$5,000, it was only the day before that the \$5,000 was paid?—A. Yes, I know, cheque number 1 is dated 29th November.

Q. That is the day before the account, apparently?—A. And the other is—there is a month difference.

Q. What I meant to say was that this was a day before the account was dated.

*By Hon. Mr. Brodeur:*

Q. What was the date of the second cheque?—A. The 21st of December.

*By Hon. Mr. Foster:*

Q. It appears that the bill was dated on November 30th, and the second payment of \$4,445.24 was made on December 21st?—A. On December 21st.

Q. Is that correct?—A. Yes.

Q. That the advance was made on November 29th?—A. Yes.

Q. But you cannot say by whose authority?—A. That cheque—of course, I do not know, it was paid on 30th November.

Q. You cannot say who authorized that advance?—A. No, sir.

Q. Do you think you yourself did?—A. No.

Q. Your first knowledge of this bill was indicated by the memo. you have marked upon it there?—A. Yes.

Q. Then, was the other amount of \$4,445.24 paid?—A. Yes, there it is there (pointing to document).

Q. By cheque of what date?—A. That was paid on the 21st December.

Q. Do you recollect making any inquiry at all of the minister as to the basis on which these charges were to be made by Mr. Falconer?—A. In a general way, I may state, Mr. Foster, that in connection with these accounts I thought that the prices were high, and so did the minister, who had been strongly recommended by Mr. Butler to employ these people. Mr. Butler has told me himself, personally, that the changes in his accounts would effect a saving every year of over \$20,000. The minister said, 'Of course we have to pay these professional men the prices they are entitled to,' and he was under the impression, I was as far as I am concerned, that the accounts would be settled only on that basis, and we have always kept back an amount large enough to offset any discrepancy there may be in that account when it came to a final settlement.

Q. Now with reference to that account, will you tell me how it is certified to—that is the account given in by Mr. Falconer?—A. I would ask you to ask the accountant, he would have the only data upon which to answer that.

Q. Just look at that (handing account to witness) is that certified to by anyone?—A. No.

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Q. These are the details of the account (indicating file)?—A. These are the details of the account.

Q. There are the charges for transportation, &c., all the details?—A. Yes.

Q. Then that is 'sundries', and that finishes it. I understand and then comes the second bill?—A. Yes.

Q. Very well, that is the bill preferred by Mr. Falconer, not certified to by any official, so far as it appears from these accounts, for \$9,445.24?—A. Yes.

Q. And paid by you as you have stated?—A. Yes.

Q. Do you recollect making any entry as to these charges—we will just go back again?—A. Yes, I cannot say if that is the first one.

Q. Did you make any inquiries as to how the number of days was arrived at?—A. Yes, I was told by Mr. Falconer himself that they were based upon the actual number of hours worked by his officers.

Q. At the rate of how many hours per day?—A. I forget now, but it was the actual hours worked.

Q. I think seven hours is a day's work?—A. I could not tell you that.

Q. You were told by Mr. Falconer—with reference to the per diem allowance, did you have any conversation with him?—A. Very often.

Q. What impression did you get from him?—A. I could not get any satisfactory answer at all, but I knew we would have to fall back on whatever amounts were paid by the other departments, which would be the key to the situation.

Q. You had nothing yourself, you could not dispute Mr. Falconer's statement?—A. No, the work was going on simultaneously in some of the agencies and in the department here; we gave him every possible latitude, as far as the rooms and the employing of people were concerned, to carry out the work.

Q. So you took Mr. Falconer's version of the basis of the contract, with the exception that your conversation with the minister governed your action in payment of the bill?—A. Yes.

Q. Now, will you go to the second account?—A. That was for Sorel, Mr. Desbarats signs that.

Q. What would be the virtue of Mr. Desbarat's signature there?—A. That the men put in the work.

Q. That the men had put in the work?—A. Yes.

Q. And the bill amounts to?—A. \$917.22.

Q. It is certified to that by Mr. Falconer?—A. Yes.

Q. You would not take Mr. Falconer's, the contractor's certification as being a necessary certification to the bill, would you?—A. No, no.

Q. Would you understand that Mr. Desbarat's certified to the time there?—A. —Yes.

Q. You see there is nothing except his name?—A. No, he would not put his name there unless the account were correct.

Q. That you take as a sort of certificate for the time?—A. Yes.

Q. Did that come on the same basis, per diem allowance, for board, transportation, services, etc.?—A. Yes, you see there is the number of hours.

Q. It is exactly upon the same basis as No. 1?—A. Yes.

Q. What do you mark on that account?—A. I pay that.

Q. That is the first account that came in, you do not mark, simply, 'pay' on it, but 'pay subject to minister's approval,' but when the second account came in, you mark on it simply, 'pay'?—A. Yes, I think perhaps the accountant will be able to give you more details about that.

Q. In fact, having settled in regard to the first account, therefore you 'pay' on the second?—A. The accountant can tell you about that.

Q. But the accountant would not say why you put your name there and omitted to put 'subject minister's approval'; that is done in the first case and I want to get at the reason why it was not done in the second case?—A. The accountant can tell you better than I can about that.

Q. We didn't that be from the fact that you took the first account to the minister?—A. Yes, the work being established and going right on, I would have to go on and pay them a sufficient amount retaining always a sufficient amount to cover the department; that would be the starting point.

Q. In as much as on the first account you said 'Pay subject minister's approval', and then having got that approval you went on after that on the same basis and just simply said 'pay', that would be correct, would it not?—A. Yes.

Q. Do you find any certificates on that account with the exception of Mr. Falconer's?—A. No, he was in charge of the work.

Q. There is a third account comes in, how much is that for?—A. \$6,093.73.

Q. Did you find any certificates of any officer of the department?—A. No, I cannot give you any.

Q. So that that account seems to have been passed without the certification of any of the officers whatsoever?—A. Yes.

Q. Now, we come to the fourth account, amounting to how much?—A. \$6,481.34.

Q. These are the details of it (indicating vouchers on the file)?—A. That is Mr. Desbarat's signature.

Q. And the amount of the next is how much?—A. \$367.22.

Q. What certificates are there attached to that?—A. There is Mr. Desbarat's.

Q. Mr. Desbarat's?—A. Yes.

Q. The same as the preceding one?—A. Yes, as the preceding one.

Q. And to any other besides that?—A. No.

Q. Look at the next account, it amounts to how much?—A. \$5,008.93.

Q. What appears to have been done with that?—A. I don't see any backing to this, no, there is no backing.

Q. You will find the cheques there. What is the date of that last account?—A. The date of that account is 28th February, 1907.

Q. You will find it on these various accounts, there have been several payments?—A. Yes, \$500.

Q. Will you just read over the payments that have been made?—A. From the cheques.

Q. From the cheques and give the date of them? Give the payments which have been made, outside of the two with which we have already dealt, which were made by cheque on the accounts presented after the first account?—A. 11th January, \$1,000; 31st January, \$3,000; 7th February, \$2,093.73; 1st March, 1907, \$3,000; 7th March, \$3,000; 4th May, 1907, \$3,461.03; 11th May, \$2,500; 5th January, \$500; 25th January, \$417.22; 16th March, \$367.22.

Q. Is there any significance at all in the different colours of the cheques?—A. We have two cheque books. We have got to have them and they are made by two different persons.

Q. So that in these colours there is no departmental significance?—A. No.

Q. Against what are those payments charged, according to the accounts there? The cheques themselves do not show it but there is a tabulation on the front?—A. Those are 'Ship Channel' (pointing to accounts). The others can be told by the backings. Yes 'Maintenance, general account'. They are charged to 'River St. Lawrence Ship Channel' and 'Maintenance, general account.'

Q. That is they were charged respectively to the Ship Channel vote and to general maintenance?—A. Exactly.

*By Mr. Maclean (Lunenburg).,*

Q. That is that the work would be done in connection with these accounts in the department?—A. All these accounts were concerned.

*By Hon. Mr. Foster:*

Q. When did you first know Mr. Falconer in connection with this matter?—A. When he presented himself to me at my office saying that he was going to undertake this work.



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Q. Did he bring any letter of instructions from the minister?—A. No, the minister had spoken to me about it.

Q. The minister had talked with you over the matter?—A. Yes.

Q. What had he told you, that he had made an arrangement with Mr. Falconer?—A. No. The minister after he had taken the department over for some time, as a great many remarks and strictures were made against the department, that the accounts were badly kept and that the system was poor—the minister told me that he had made up his mind not only to reorganize the department wherever it wanted reorganization, but he desired to be absolutely sure of the system of accounts so that we could control, in every possible way, not only the expenditure from here, but the purchasing of all the goods that go into the different agencies for distribution under the heads of different services.

Q. For the purpose of ascertaining the cost?—A. Yes. As I had been accountant of the department, I think under your own regime, Mr. Foster, I understood that the thing could not be carried out well without a proper system. The minister told me that he had been, as I have already told you, strongly recommended by the Deputy Minister of Railways and Canals to adopt the same system that he himself had put into operation. The Deputy Minister of Railways was perfectly satisfied with the work of these accountants, and as I have already told you he expressed himself as being perfectly sure that the absolute control of everything that was purchased in connection with their office at Moncton saved him about \$20,000 a year. The Deputy Minister of Railways thought it was good work and he strongly recommended the Minister of Marine and Fisheries to do this. After this explanation I quite agreed with the minister that it would be a good thing to do to either find out, if any irregularities had been committed or vindicate the department, and I thought as far as I was concerned, being the head official, I would consider no expenditure too great to re-establish the confidence of the public in the department. That was my opinion about it. I believe also that the members of that firm were as much strangers to the minister as they were to me, and I had never seen any of them in my life until they came to do work in the department.

Q. Your acquaintance was only in the general course of business with Falconer?—A. Absolutely.

Q. Did you make any inquiry at all as to the per diem charges that were made by him?—A. Yes, I challenged those accounts every time.

Q. Yes?—A. Every time the matter came up. We had to pay them something and very often there was pressure to give them a little more money, but carrying out the minister's instructions, I always reserved enough to save the department in the final settlement.

Q. You saved enough out of what might be still due?—A. Yes. There is a claim of over \$6,000, I believe, now due or said to be due. The reason why I did not bring more pressure, or that I did not make more unpleasantness, was that I wanted to secure the good work of these men until such time as their duty was finished, reserving always enough money to save the department from any possible loss.

Q. On all these occasions when you brought the question up and discussed it with Mr. Falconer what was his reply to your representations?—A. I could not really under oath remember that. I thought that the accounts were excessive. I told him I could not believe that these accounts could be as large. I thought that the lawyers charged the limit and I said 'You are ahead of them.'

Q. He even surpassed the lawyers?—A. He said, 'We have got a large organization, we do good work, and while we have got stated salaries by the year to pay to these men when we employ them, we have got to make charges that will keep up our institution. We cannot give the services of the men for exactly the amount we pay for them. We cannot do that and live. We have got to make our business profit the same as in any other legitimate business. He always said the charges were in accordance with what had been paid by the Department of Railways and Canals, but, as

I said before, I could not get from that department the details of what was done although I tried to obtain it.

Q. Well, on the point of charging \$5, \$4, and \$3 a day for board— that is the per diem allowance— did you understand that Mr. Falconer always took the position that these charges were according to the agreement?—A. Well, I never saw the agreement.

Q. You never saw the agreement?—A. No.

Q. But Mr. Falconer knew what the agreement was?—A. I don't know that he could show any agreement.

Q. That is so, I am sorry to say he cannot, but the point I want to get at is this: Was it Mr. Falconer's contention that his arrangement contemplated that per diem payment for board?—A. He never allowed me to believe that.

Q. But did he when he gave you this bill?—A. He said 'That is what I am bound to charge, and I am going to charge it and I am going to get it.'

Q. Very well, that is an answer to my question. He considered these proper per diem charges?—A. Yes.

Q. Of \$5, \$4, and \$3?—A. Yes.

Q. You thought those charges were high?—A. I did and still think that.

Q. But you never went so far as to investigate what these men who received \$5, \$4, and \$3 for their board actually got their board for?—A. No, I never actually went into it.

Q. You did not make any inquiry?—A. I simply told him that as they were working permanently a number of them they should get boarding houses and board there. I also told him that I did not believe the minister would allow those payments unless they were such as had been absolutely been made in the other department.

Q. How was it that it went on?—A. I beg pardon, sir.

Q. How was it that it went on from September, 1906, until really 1908, and there was no attempt ever made to do otherwise than pay on a per diem basis. Did you make no attempt to get the accounts on a proper basis?—A. I never could get the adjustment that I wanted.

Q. You never could get him to make an adjustment with you?—A. No.

Q. You were never ordered by the minister to do it?—A. The minister was as anxious, if not more so, than myself, to have the matter settled in that way.

Q. And yet neither of you took any steps to have it settled that way?—A. We took steps, as I told you before, we wanted the work to terminate, and then at this moment if there is anything irregular we are absolutely in a position to make it right, and nothing will be settled until it is really right.

Q. And neither of you took any steps to settle it?—A. I believe the minister desired some information—

Q. You, yourself, did not?—A. I thought myself I had resisted the payment of these accounts all I could, and that I could not do any more except by saving to the department a large amount which could be dealt with in the final settlement.

Q. What time did you take that resolution?—A. All along I objected to these high prices and these living allowances.

Q. And yet you went on paying?—A. Because they were doing the work, it was carried on until the very last moment, in fact, I believe some work was done after the last account was put in.

Q. Was Mr. Falconer a chartered accountant?—A. I do not know.

Q. You do not know?—A. No.

Q. Where was his place of residence? You had to do with him, where was he located?—A. In the Victoria Chambers, I cannot say, but I required him once or twice and found him there.

Q. Was he also located in Montreal?—A. Evidently, yes.

Q. Is Montreal his permanent location?—A. I think so, he represents that firm so far as their Canadian business is concerned.

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Q. Well, of course, all that we can get from Mr. Falconer himself when he comes?  
—A. You can get it from himself, yes.

Q. With reference to the travelling expenses, did you, during that whole year and a half and more, take no steps to have a check upon the transportation, or did you take Falconer's bills and pay them?—A. Yes.

Q. You just took his bills and paid on them?—A. Yes.

Q. You did not attempt to check up the travelling expenses?—A. Not his travelling expenses.

Q. You examined the per diem and subsistence allowances?—A. No.

Q. Nor does it appear that any officer did, according to this account?—A. Only making my very strong protest several times against what we considered overcharge in expenditure.

*By Mr. Taylor:*

Q. At page P—77 of the Auditor General's report for the nine months ending March 31st, 1907, I find Mr. Kenneth Falconer is named here as the expert, and then the staff are detailed, and the rate per diem paid to Mr. Falconer, he being the head and the expert that knew all about it, is \$40 per day?—A. Yes.

Q. And then Mr. J. N. Gunn, and Mr. W. B. Richards are paid \$75 per day?—A. Yes.

Q. How do you account for the expert getting less than the members of his staff?  
—A. Well, I suppose they were higher grade experts than Mr. Falconer.

Q. They are not down as experts at all, but simply as members of the staff, Mr. Falconer's employees?—A. No, I could not tell you, Mr. Taylor. I could not tell you that.

Q. Do you know Mr. Gunn?—A. I never saw him to my knowledge.

Q. Do you know Mr. Richards?—A. I never saw either of them.

Q. Where did these gentlemen do this work that the department paid them for?  
—A. They did it in the department, evidently. They were assigned rooms and were not interfered with in any shape or form. I may tell the committee that I made a study of the matter and it may be well for the committee to know that while they have rendered these accounts which I considered large and which appear large to everyone, when you take into account the fact that they did not ask very much more by the accounts that they rendered, with the addition of their travelling and living expenses, than the amount we actually paid yearly to carry on our accounts. I want to tell the committee that it was not only the opening or establishing of a new system, as has been stated very often, and which is misleading, but the minister insisted upon their taking the accounts of the preceding year—the minister had decided that, it was an absolute ruling of his, that if in the account of any branch an excess of expenditure was brought from the previous year to swell up the expenditure of that year, when the amount had been voted for the former year, it would be cause for the suspension of the official. Therefore the minister's instructions to these people were to thoroughly examine every single account of that year, amounting in the aggregate to \$6,500,000, in order to establish whether in the charging and posting of the accounts any expenditure which properly belonged to the year before had been included in that year's accounts.

*By Hon. Mr. Foster:*

Q. That is he wanted them to make a full audit of the accounts?—A. An absolute audit, and not only that, but to enter the accounts into books and balance them.

*By Hon. Mr. Brodeur:*

Q. They were to investigate the accounts?—A. To investigate them.

*By Mr. Taylor:*

Q. You have just stated that was the minister's direction to these people. When do you mean by 'these people'?—A. Mr. Falconer evidently had charge of that work.



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Q. Did you hear the minister give this direction to Mr. Falconer?—A. Yes, because the minister, of course, told me of it.

Q. Where did Mr. Falconer do his work?—A. He did it in the office.

Q. In your department?—A. Yes, and in travelling to the different agencies. Of course, the work—

Q. Wait a few minutes. How long was he in the department here?—A. I could not tell you off hand, that is impossible. He has been here for a year.

Q. Mr. Falconer I mean?—A. I think so.

Q. Was he here steadily in Ottawa?—A. When he was not at the different agencies. His object was, in order to assimilate the work which was carried on in Ottawa with that of our different agencies, to prepare a statement and a scheme which would give us the advantage of knowing right here at headquarters, how many inch chain we had for instance, how many lengths we had, how much had been sold the year before, how much we still had on hand, and the same with shovels or any ironware. It was an immense advantage to the department for us to know that, and he could not prepare this statement without visiting the different agencies, the object being to dovetail his scheme into the work done by the department. It was an absolute impossibility to do that without visiting the agencies.

Q. Did Mr. Richards or Mr. Gunn also travel around?—A. I don't know, they must have I suppose.

Q. Did they work in the department here?—A. They must have.

Q. Do you know that they did?—A. Well, we have got the accounts here.

Q. And they are certified to by Mr. Falconer, the party with whom you made the bargain?—A. Yes, exactly.

Q. So far as you are concerned you don't know that Mr. Gunn or Mr. Richards were here one day?—A. I did not interfere in that way at all.

Q. So far as you know they may not have been there one day?—A. Yes, I know in a general way. I could not tell you—for instance, Mr. Taylor, there are several officers in my department and if you asked me right off how often Mr. So and So was present during the year, I really could not tell you.

Q. That is not the point. Here are men paid at the rate of \$75 a day, supposed to be at work in your department, and I want to know if you are aware whether Mr. Richards, for example, worked 25 or 35 days?—A. I know he was there because I got it from the accountant.

Q. And Mr. Gunn also?—A. Yes, sir, certainly.

Q. You got the information from the accountant?—A. Yes.

Q. You said yourself that you did not see these men?—A. Personally. I myself did not, but I know that this work went on.

Q. You never saw these men at all?—A. I never saw them in my life.

Q. You do not know whether they were ever there except that you have the certificate of Mr. Falconer?—A. And the fact of the accountant being up there. The men were working, the room was full of them.

Q. I understood you to say that these charges were not more than would have been paid by the year to your own regular staff?—A. No—

Q. Hold on a minute, that the money indebtedness to these men was no more than the regular money paid in the department?—A. No, that is not what I said. I said that if you took the whole of the salaries of the Department of Marine and Fisheries and combined them together they amount to about \$22,000 or \$23,000. I say that deducting the \$23,000 from that large account given by these expert accountants, and you find it leaves a very small margin for travelling expenses and living expenses during the whole year.

Mr. TAYLOR.—I don't understand what you are driving at?

*By Hon. Mr. Foster:*

Q. What you, Colonel Gourdeau, mean to say is this: That these men, during the time they were at work—A. Take the year, for instance, as a basis?

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Q. Taking the work that all the officers of the department, the accountants, book-keepers and the like of that, if these men had not been there, they would have been doing the work. But what were these other men doing all the time?—A. They were doing the current work of the year under the direction of these expert accountants, and they were simultaneously carrying on our whole accounts of the year before.

*By Mr. Taylor:*

Q. You said something about their investigating to see whether there had been any purchases made that were not regular?—A. Not in that way, I did not mean in that way. I meant to say that they investigated all the charges the list of cheques, and the different services, concerning whether there were any double entries, for instance, or false, or anything like that, such as has happened already in other departments, to see whether there might have been some wrongdoing, but I am very glad to say that not a single thing was found in that way.

Q. Mr. Gunn is from the New York firm?—A. I think they are a New York firm, but I could not tell you that.

Q. They brought all their own staff with them from New York?—A. I could not tell you, the only man I am perfectly sure of is Mr. Falconer.

Q. They had a lot of young men—boys—who is Mr. Pare? And then there is Mr. L. R. Acton and Mr. H. A. Marvin? These are all young men of about 20 or 21 years?—A. Men of about 25, about that age, some of them older.

Q. Do you think that \$30 and \$40 a day was a big price to pay for them?—A. I told you before I thought the price was heavy.

Q. How much do you think it was too heavy?—A. I would not like to say; of course their work was good work, I am quite sure from the results and from the satisfaction we have in finding the different charges and being absolutely able to see here, without calling upon the different agencies to tell us what they have in store there.

Q. How much has been their total expenditure? What has been their total bill from start to finish?—A. I am not sure, we would have to settle that in the last payment. It will be in the vicinity of \$42,000 or \$43,000 perhaps.

Q. You have paid them that much already?—A. You will see that is the amount of all their bills, but there is a balance which has yet to be regulated. The accountant can tell you better than I can about that.

Q. How can you regulate that?—A. We have to pay on the same lines as they were paid by the Department of Railways and Canals, we are bound to do that.

Q. That is, assuming that Mr. Falconer only paid these men that have been settled for at \$40 a day, at the rate of \$300 a year, how is the department going to get back the difference?—A. We do not know what he pays these men. Of course it is an organization, it is like any man that deals in any kind of article, if he buys at \$5 and sells at \$8, of course the expenses of his business will have to come out of that.

Q. Only you musn't expect to get 800 per cent?—A. Oh, of course that is too great.

Q. You show that he has been paid \$42,000 and that there is some \$6,000 more.

*By Hon. Mr. Brodeur:*

Q. How much have we paid him altogether?

Hon. Mr. FOSTER.—\$42,000 had been paid up to the time that the answer was given in the House.

Mr. OWENS.—The amount is \$33,750.

Hon. Mr. FOSTER.—The answer that was given in the House to the question 'What amount of money has been paid to the experts employed by the Minister of Marine and Fisheries to reorganize the system of keeping accounts for the Department' is divided into (1) and (2). The first answer is \$35,499.56 and then follows

another set of payments, miscellaneous and otherwise, and the whole amount is \$4,262.85.

Hon. Mr. BRODEUR.—I do not think we paid that.

Mr. OWENS.—(Marine and Fisheries Department).—That is including the ship channel, sir.

*By Mr. Taylor:*

Q. All the work they have done, the ship channel at Sorel, and everywhere else? If it is ascertained that \$21,000 would have been a big price to have paid these men for the work they did, how are you going to put the department right with the five or six thousand dollars that was held back?—A. Of course, I don't think you could—

Q. That would be half the prices that are charged, \$2.50 a day and \$20?—A. It is not possible. We had enough information anyway, bald as it was, from the Department of Railways and Canals to make us better than—

*By Hon. Mr. Foster:*

Q. Did you have any document put into your hands of the nature of a schedule of charges for the work, either a schedule of chartered accounts charges or anything by which you could?—A. No, sir, I had not.

Q. By which you could compare with the charges that were made?—A. No, sir, I had not.

Q. There was no such thing put into your hands?—A. No, sir.

Q. Of course you know that chartered accountants have a regular schedule of prices for their work and these are the prices which are paid?—A. I think when a good business firm like a large sewing machine establishment in Montreal would employ those same people, that same firm, in preference to their own local accountants I would make a difference then as between the standing of an expert accountant and that of an ordinary accountant. I mean to say that a large firm, like one engaged in the manufacture of sewing machines, was not only satisfied to pay their price but to make them a present of a cheque afterwards on account of the saving which was made.

*By Mr. Maclean (Lunenburg).*

Q. Where did this happen Colonel Gourdeau?—A. In Montreal.

*By Mr. Taylor:*

Q. What did they pay them?—A. I don't know excepting that when I was contesting these large prices this fact was brought to my knowledge by the very same people. It might be wrong and it might not be wrong but I am telling you exactly what happened. They said 'Why we have not only satisfied a good business firm in Montreal but they have paid us in excess of what we have asked, because they were so satisfied with the results which were produced by the perfect system of accounts which we established in that large place.'

Q. What is the name of the firm in Montreal that employed these same parties?—A. I think it was the Singer Sewing Machine Company.

Mr. NORTHROP.—That is an American company.

THE WITNESS.—I think it is one of the largest companies of the kind.

Mr. MACLEAN (Lunenburg).—The home company is American but what difference does that make? It is not likely you could get any man in Canada that would have done that work anyway.

*By Hon. Mr. Brodeur:*

Q. You remember the investigations which took place concerning our department during the session of 1906?—A. Yes.

Q. It was shown during those investigations that there were some defects in our system of book-keeping?—A. Yes, certainly.



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Q. I discussed the matter with you?—A. Yes, I think I stated that this morning.

Q. What decision was arrived at?—A. That it was absolutely necessary to establish the confidence of not only the government but the public at large that we were doing the work on good business principles. You insisted and you said that you would not stay in the department unless you were absolutely sure that the department would be conducted on sound business principles and that you had made up your mind to secure the very best material in order to examine and find out if anything was wrong so that you could take sharp measures to apply a remedy. Afterwards our accounts would be on a proper footing.

Q. The first negotiations that were carried on in the department were conducted by the minister, you were not present then?—A. No, sir, I was not. I never saw Mr. Falconer until he came into my office afterwards.

Q. But you know that Mr. Falconer wrote us some letters in connection with his services?—A. Yes.

Q. May I draw your attention to a letter of 25th July, 1906. Was this at the beginning of Mr. Falconer's work there?—A. No, sir, it was a good deal before that, because we paid him I think the first cheque—

Q. I will read the heading upon Mr. Falconer's letter because there is some statement made that this is an American firm (reads): 'Kenneth Falconer, Public Accountant, Bank of Ottawa Building, 224 St. James St.' and then the letter goes on (reads):

July 25, 1906.

Hon. L. P. BRODEUR,  
Minister Marine and Fisheries,  
Dominion Government,  
Ottawa, Ont.

DEAR SIR,—Herewith I beg to hand you report outlining the preliminary step which I purpose taking in order to carry out our instructions with regard to the accounting of the Department of Marine and Fisheries.

My charges for services rendered will be based on the regular schedule of rates for different members of my staff, and in addition the hotel and transportation expenses incurred in connection with the work. My charges for services, will, of course, be made only for such time as is actually devoted to the work. It is my usual practice that accounts are rendered and payable each month, which I trust will be agreeable to you.

I will be glad to receive your acknowledgment of this report, and have my understanding of your instructions confirmed.

Very respectfully yours,

(Sgd.) KENNETH FALCONER.

By Mr. Taylor:

Q. What is the date of the letter, Mr. Brodeur?

Hon. Mr. BRODEUR.—July 25th, 1906. Did he not, now, at the same time, in a report—which is called Report No. 1—outline the procedure he proposed to follow in the investigation? I think I will read a little of that, it will be interesting.

Hon. Mr. FOSTER.—Which papers are those the minister is reading from?

Hon. Mr. BRODEUR.—The originals, you have copies of them before the House.

Hon. Mr. FOSTER.—I was looking over those papers this morning and I find that the 'outline' is not among the papers as brought down, it is missing.

WITNESS.—That must be there, Mr. Foster.

Hon. Mr. FOSTER.—The enclosure is mentioned there, but there is nothing that it covers; I looked for that outline.

Hon. Mr. BRODEUR.—I am surprised at that, it is all there I think.

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Hon. Mr. FOSTER.—It can easily be remedied. The deputy might make a note to have that outline furnished.

WITNESS.—Yes, sir.

Hon. Mr. BRODEUR.—(Reads):

‘KENNETH FALCONER,  
‘Production Engineer, Public Accountant,  
‘Bank of Ottawa Building,  
‘224 St. James Street, Montreal.

‘July 25, 1906.

‘Hon. L. P. BRODEUR,  
‘Minister of Marine and Fisheries,  
‘Dominion Government,  
‘Ottawa, Ont.

‘DEAR SIR,—As instructed by you, I had a conversation yesterday with your deputy, relating to the conditions and methods of accounting at present used in the Department of Marine and Fisheries, at Ottawa.

‘In order to carry out your wishes that the work which I have undertaken in this connection, shall be commenced as soon as possible, I am arranging an immediate conference between myself and that member of my staff who will be chiefly in charge of the work, and your deputy and the accountant of your department; at this conference we may possibly confer with such chief clerks as Colonel Gourdeau may suggest. It is not my purpose at this conference to go into your books and records, the object simply being to obtain a broad, general knowledge of the present plans and working of your system of accounts, and the division of your department into its different branches.

‘A report will then be laid before you outlining the further steps to be taken to secure a thorough familiarity with the details of your present system. To do this I purpose making a careful examination of all the offices of your department, using those members of my staff best qualified for the work, and arranging in addition for such assistance as you may desire should be secured.

‘As this work progresses, and at its conclusion, I will submit reports based on the study of your present system, and outlining the plans I purpose, with your approval, adopting for its betterment in any of the different branches or offices.

‘Very respectfully yours,

‘K. F.

KENNETH FALCONER.’

Hon. Mr. FOSTER.—Yes, I have that, if that is the outline.

WITNESS.—I thought you had that, sir, because we were most particular in furnishing all the documents.

Hon. Mr. FOSTER.—I thought that it meant he was outlining what he was going to do and the like of that—they are complete then, as far as they go.

Examination of Colonel Gourdeau continued.

By Hon. Mr. Brodeur:

Q. At that time you remember having seen this letter of 25th July, 1906?—A. Yes, sir.

Q. In which he stated what he was going to charge for these services.—A. He did not mention the amount then, except that they were on the regular schedule of rates.

Q. No, he did not mention the amount he would receive, but that they would be paid according to the regular schedule of rates?—A. Yes, for the men employed.

By Hon. Mr. Foster:

Q. Where is that schedule of rates?

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*By Hon. Mr. Brodeur:*

Q. That is what he put in the accounts later on.—A. Which we would not accept.

Q. That is what he claimed had been charged to other departments, to the Department of Railways and Canals?—A. Yes.

The hour of adjournment having arrived, the further examination of witness was postponed.

## HOUSE OF COMMONS.

COMMITTEE ROOM No. 32.

OTTAWA, FRIDAY, March 6, 1908.

The committee met at eleven o'clock a.m., the chairman, Mr. Clarke, presiding, and proceeded to the further consideration of a payment of \$31,235.35 to Kenneth Falconer in connection with the reorganization of bookkeeping, etc. in the Department of Marine and Fisheries, as set out at pages P-77 and 78, Vol. 2. Report of the Auditor General, for the fiscal period ended March 31st, 1907.

Hon. L. P. BRODEUR called, sworn and examined.

*By Hon. Mr. Foster:*

Q. You are the Minister of Marine and Fisheries, Mr. Brodeur, under whom the Falconer arrangement was made?—A. Yes.

Q. What time did you make the arrangement under discussion, and about which the papers have been brought down, with Mr. Falconer?—A. It would be in the month of July.

Q. July, 1906?—A. July, 1906.

Q. Had you a previous acquaintance with Mr. Falconer?—A. No.

Q. Did you know anything of him previously to that time either as a man or as an accountant?—A. No, he came up to see me after the investigation that had taken place during the session of 1906—

Q. That is the investigation in the House?—A. In the House and here in the Public Accounts committee, and where some statements were made as to the manner in which our accounts were kept in the department—he came up to me and offered to undertake the examination of our accounts and the establishment of a new system of accounting and I then made some inquiries with regard to him.

Q. Before you come to that, did he bring any letter of introduction to you?—A. I do not know; probably he was recommended to me by his brother whom I know.

Q. In Montreal?—A. Whom I know very well, who is one of the most prominent lawyers in Montreal, his firm being the lawyers for the Bank of Montreal. I am not very sure whether his brother wrote to me to recommend him—I think he simply spoke to me about him.

Q. And on the strength of that recommendation, or conversation, that you had with his brother, he came to you and made this proposition to you?—A. Yes—I do not know whether his brother gave me that recommendation or spoke to me before or after; I think it would be after that—

Q. After that?—A. That I had some conversation with him, because we discussed the matter at different times, of course.

Q. In what capacity did Mr. Falconer represent himself to you?—A. As an accountant.

Q. As a chartered accountant?—A. I would not say whether he called himself



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'chartered accountant.' I did not discuss the question whether he was a chartered accountant or not, but he is an accountant.

Q. An accountant having his office where?—A. In Montreal.

Q. And a staff?—A. He did speak to me about his staff, he told me he had at his command a very extensive staff which had a great deal of experience in the administration of each branch of a department or manufacturing establishment.

Q. He represented himself to you then as an accountant in command of a large and efficient staff, resident in the City of Montreal?—A. He did not speak to me as to whether they resided in Montreal or not.

Q. And you put no question to him as to where his men were?—A. No. I think he told me some of these men were living in the United States, that they had been been doing some work in the United States.

Q. Some of them?—A. Some of them.

Q. Didn't he give you to understand that the major part of this efficient staff was in Montreal under his charge?—A. I did not discuss that.

Q. You did not go into the matter with him at all as to the extent and efficiency of his staff?—A. No. What I did in connection with that was this: He told me that he had done some work for another department, the Department of Railways and Canals, under Mr. Butler, who was the deputy minister of that department. I then saw Mr. Butler and asked him what was the nature of the work they had done on the I. C. R.; and it was solely on the strength of that recommendation that I decided that the work should be undertaken by Mr. Falconer.

Q. Did you decide anything at your first meeting with Falconer?—A. Oh no.

Q. Then what inquiries did you make after that with reference to the competency of Mr. Falconer and his firm, outside of your inquiries of the Deputy Minister of Railways and Canals?—A. That was my main source of information. I have a great deal of confidence in Mr. Butler who has shown, before he was Deputy Minister of Railways and Canals and since, great ability, and I thought there was no man more competent than himself to tell me whether this man, Mr. Falconer, should be able to undertake the work which I wanted to do in the department.

Q. Then after that conversation with Mr. Butler, what was your next step in this matter?—A. Well, I suppose, I do not remember exactly,—we discussed the way in which this work should be undertaken.

Q. With whom?—A. With Mr. Falconer.

Q. Did you, on the occasion of your second or subsequent interviews with Mr. Falconer, make any further inquiry as to the location, the extent, and the efficiency of his staff?—A. No.

Q. What was your impression, that they were a Montreal staff?—A. Yes, Mr. Falconer wrote to me and I saw by his letter that he was in Montreal, so I had no reason to suspect otherwise. He stated to me the fact that some of his men were engaged also in the United States doing some work for the United States government.

Q. That is he left you the impression, did he, that a part of his Canadian staff had been engaged in this kind of work in the United States?—A. In the United States and Canada, but mostly in the United States.

Mr. MACLEAN (Lunenburg).—Was this branch supposed to be a branch of an American office or affiliated with it in any way?

Hon. Mr. FOSTER.—If you will allow me to go on with my few questions you can examine the witness afterwards.

Mr. MACLEAN (Lunenburg).—This is a question which I thought would help you along.

Hon. Mr. FOSTER.—It does very much, but we are getting along very nicely.

Q. Then the impression which you received as I understand was that Mr. Falconer and his Canadian staff had been doing more or less work in the United States of a satisfactory kind?—A. I did not say his Canadian staff.

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Q. You would not say that?—A. He said that he had at his command a certain number of men who were particularly versed in the kind of work that we wanted to undertake. He told me that the establishment of a system like that would require a specific knowledge on the part of some experts whom he had at his command. Take machinery for example. While the ordinary accountant who has not made a special study of the work of machinery in connection with the accounting. I am giving you that as an instance.

Q. As a part of the conversation that went on between yourself and Mr. Falconer?—A. Yes.

Q. Well, in the end, before you made your arrangement with Mr. Falconer, did you or did you not know that a part of the staff that that gentleman depended upon were really New York accountants or experts?—A. I do not remember that he led me to believe that.

Q. He did not lead you to believe that?—A. As I have stated a few minutes ago he told me that some of his staff were doing some work in the United States for the United States government. I supposed that he had some connections on the other side too.

Q. Well, then, was your impression this: that these were a part of his Canadian staff who were engaged in work in the United States?—A. I would not say exactly whether they were Americans or Canadians. I thought those working in the States might be Americans.

Q. You thought they might be Americans?—A. That some might be Americans working in the States.

Q. That is from the conversation you had with Falconer?—A. Yes, because they were working there. But that feature was never discussed formally by me. What I was looking at was to see whether the work which he was proposing to do would be a work of advantage to the department.

Q. Independent altogether of whether it was done by United States citizens or by Canadian?—A. So long as I was sure that the contractor was a Canadian it was satisfactory.

Q. Did you get the impression that Mr. Falconer was making this contract with you on behalf of his own staff, the staff that he had under his control, or that he was making it in the capacity of a man who could control the services of these accountants?—A. I did not discuss that with him.

Q. You did not discuss that in any way?—A. No.

Q. What was your impression?—A. I did not think of that at the moment. I was simply discussing the merits of the proposition without going further.

Q. And with the idea that it was his own staff with which he was going to work?—A. Yes.

Q. When did you finally conclude your arrangement with Mr. Falconer?—A. In the month of July, 1906.

Q. That was very shortly after your first conversation with him?—A. No, it was at the end of July. I think that we concluded the arrangement in the latter part of July.

Q. That was done in the city of Ottawa?—A. In the city of Ottawa, yes. I don't think I ever met him in Montreal, and that I discussed this question with him in Montreal.

Q. When you concluded your arrangement with Mr. Falconer did you have that reduced to the form of an agreement?—A. In the form of a letter which he addressed to the department as to what his conditions would be.

Q. Will you read that letter, you have it I suppose, so that it may be put upon the record?—A. The letter is already before the House, but I will read it again. It is as follows (reads):—

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'KENNETH FALCONER,

'Production Engineer, Public Accountant,

'Bank of Ottawa Building, 224 St. James St.,

'MONTREAL, July 25, 1906.

'Hon. L. P. BRODEUR,

'Minister of Marine and Fisheries,

'Dominion Government,

Ottawa, Ont.

DEAR SIR:—Herewith I beg to hand you report outlining the preliminary step which I purpose taking in order to carry out your instructions, with regard to the accounting of the Department of Marine and Fisheries.

My charges for services rendered will be based on the regular schedule of rates for different members of my staff, and in addition the hotel and transportation expenses incurred in connection with the work. My charge for services will, of course, be made only for such time as is actually devoted to the work. It is my usual practice that accounts are rendered and payable each month, which I trust will be agreeable to you.

'I will be glad to receive your acknowledgment of this report, and have my understanding of your instructions confirmed.

'Very respectfully yours,

(Sgd.) 'KENNETH FALCONER.

Q. And that report which he speaks of there outlines the way in which he proposes to go on with the work?—A. Yes. The report is dated 25th July, the same date.

Q. Is there in that report which was enclosed any statement of prices to be charged, or of remuneration, allowance or anything of that kind?—A. No, it was embodied in the letter of the 25th July.

Q. Which you have just read?—A. Yes, in which he states that he would charge us the regular schedule of rates for the different members of his staff, and the hotel and transportation expenses.

Q. That was then the total agreement between you?—A. Yes, and it was initiated by me.

Q. Then there is not either in that letter or in the instructions enclosed any schedule of rates?—A. No, I did not ask him for the schedule of rates because it was determined there that it would be the ordinary rates, and I knew that he had been working already for the government.

Q. What do you mean by the ordinary rates?—A. The ordinary rates that he was charging for this work, which were very easy to find out. It was very easy to determine. You see when you make an arrangement with a lawyer—I considered him as I would a lawyer—when you require the services of a lawyer, of an expert, or of a doctor, if he says he charges you the ordinary rate he is legally bound, and I was satisfied under the circumstances he could not charge us more than he was charging others.

Q. He never handed to you, and you never asked from him, any schedule of rates of pay for the men, or of board and subsistence for the men?—A. No, as soon as this agreement was disposed of I left it in the hands of the department to be carried out.

Q. You had no definite statement of his charges other than what is contained in that letter?—A. Yes.

Q. Did you discuss with him what he would charge for his experts?—A. The exact amount for each of them?

Q. Yes, the different members of the staff?—A. No, I did not. As I have told you, I was satisfied with the letter. And I am sure he could not, under that letter, charge us more than the ordinary rates that he had been charging to others.

Q. Did he give you a schedule of the rates he was charging to others?—A. No, he did not give me anything else than the letter I have just read, which is the letter I handed to the officers of the department.



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Q. Does it not strike you that if that is all that passed between you the naming of the rates of pay and subsistence per diem was entirely in the hands of Mr. Falconer?—A. Oh, not at all.

Q. Why not?—A. Because he was obliged to charge us the same rates he was charging to others, and I knew he had been doing some work for another department, and I was very sure there would be no danger in that regard.

Q. You did not ask him what his rate or schedule of charges would be?—A. The usual schedule of rates.

Q. No, but definitely I mean?—A. No, I was satisfied with that letter that he sent me, or handed to me, I do not know whether it was handed or sent to me, and I initialed that letter and gave it over to the department.

Q. When you handed it over to the deputy minister and told him that Mr. Falconer would go on with the work, did your deputy minister know from you what rate he would be justified in paying per day for the experts, and what amount he would be justified in allowing for subsistence?—A. What I had was in the letter which has been produced.

Q. Did you have from Mr. Butler, or from the Railway Department, the schedule of payments made by that department to Mr. Falconer at that time?—A. Not at that time.

Q. When you made the arrangement with Mr. Falconer, then, you had no statement given to you by Mr. Falconer himself, of specific rates—had you a list of charges which were made and had been assented to by the Railway Department?—A. I do not know whether it would have been possible for him to give me the exact rates for these men, because I do not suppose he knew exactly what men would be employed there.

Q. As a matter of fact you did not have that?—A. What I had was the letter that I have read.

Q. What answer did you make to that letter?—A. I have no answer to that letter.

Q. Did you make no answer to Mr. Falconer's letter?—A. I do not see any answer from me here.

Q. Is there not an answer asked for in that letter?—A. I know I initialed the letter and handed it over to the department but I do not see on the file any acknowledgment by the department of the letter.

Q. Then you wrote no letter to Mr. Falconer in regard to that letter?—A. These letters come to the minister and are handed over to the department, and the minister if he wants to take action on the letter initials it, and as far as he is concerned that is all.

Q. Will you give me an answer to my question, please—you wrote no answer to Mr. Falconer in reply to that letter?—A. No, I did not.

Q. That contract is simply a letter from Mr. Falconer and your initials?—A. Accepted by me, yes.

Q. Do you say, 'Accepted by me' on that letter?—A. Yes, the fact of initialing it constituted an acceptance.

Q. But there is nothing else but the initials?—A. When I put my initials on a document that simply means I approve of the recommendations contained in the document.

Q. And then you hand it over to your deputy?—A. It is then handed over to the department to be dealt with in the ordinary course of business.

Q. Did you discuss with Mr. Falconer, or with your deputy, what would be about the cost of this whole work before you entered into this arrangement by a single letter?—A. The total cost?

Q. Yes, into what figures it would run?—A. I think so, I do not remember exactly, but I must have discussed the matter with Mr. Falconer.

Q. What was your idea at that time as to what the total cost would be?—A. I thought it would cost about \$20,000 or \$25,000, but it was very hard to say, because

we did not know exactly what work would be needed at the different agencies and at the different manufacturing establishments, if I may so call them, that we had. It was a question of time which could not be very exactly defined then; but I thought it would not cost us more than \$20,000 or \$25,000.

Q. You thought it would not cost you more than \$20,000 or \$25,000—I think you had taken a vote for \$25,000?—A. Yes.

Q. Then you thought it would cost, possibly, \$25,000?—A. Yes—that would be my own idea at the time, but it might have been very much less than that; it depended entirely on the work to be done. In fact, I suppose Mr. Falconer did not know enough of the affairs of our department to let us know whether it would cost even \$5,000 or less than that.

Q. It appears that you contemplated, at that time, a possible expenditure of \$25,000?—A. What I wanted was to establish in all the places where we are manufacturing what we call the 'Cost' system, which is to a certain extent a new system, and which has been rendering, where it has been established, very valuable service. I wanted to be very sure that all the expenses in connection with our manufacturing branches of the service should be checked up in the same way as they are in the best manufacturing establishments running in this country.

Q. We understand that from what you said in this House?—A. Because I knew very well if we did not, that some time we might go on spending large sums of money in these different places and at the end we would not know whether the products that we manufactured would cost more than if we had purchased them elsewhere. With that system in operation we would know accurately the cost of each article.

Q. I understand that.—A. Well, perhaps it might be found after full inquiry that we could get the goods at a better price, then it would be possible for the government to change the system, that is what I had mainly in view.

Q. You, having that object in view, did you take any steps at all as to inquiring whether any other experts, or body of experts, or chartered accountants, might not be found to do this work of yours and the prices at which they would do it?—A. No, I did not inquire about that because—

Q. You had no communication with any other chartered accountants or unchartered accountants?—A. I did not get any report.

Q. You did not make any inquiries outside?—A. I did not get any report outside what I have already stated.

Q. And these were confined entirely to Falconer?—A. No, I do not say that; I said I made inquiries from the department in which he had been employed before.

Q. That is as to his work?—A. Yes.

Q. But what I asked you was whether you made any inquiry as to chartered accountants, experts, Canadian or anyone else, as to whether they would be prepared to undertake this work and what their charges would be?—A. No, I was told that the work which they had performed for another department was satisfactory and that the prices charged were fair.

Q. You went no further and asked for no other offers?—A. I did not advertise.

Q. You did not advertise or communicate with any other accountants?—A. No.

Q. Now when you handed over that letter with your initials on it to your deputy did you tell him what basis he would have for settling with Mr. Falconer when the latter came to present his bills?—A. No, that was included in the letter.

Q. Included in the letter? Was there anything in the letter that showed how much any one of the employees of Mr. Falconer was to receive per day for his labour?—A. No, it was a question to be determined when these men would come.

Q. It was a question to be determined when?—A. When the men came in to work.

Q. That is Mr. Falconer's men?—A. Yes.

Q. That is you gave this letter to your deputy, and, foreseeing the difficulty which the deputy would have when the bills were presented, did you instruct him

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that the prices were to be fixed when the men came in?—A. I gave the letter without any formal instructions.

Q. How could he fix the prices to be charged by Mr. Falconer?—A. Mr. Falconer was to charge us the rates, the ordinary rates which he used to charge elsewhere.

Q. Which he used to charge?—A. Which he used to charge.

Q. Did you put into the hands of your deputy the ordinary charges of Mr. Falconer?—A. The ordinary charges which, as I have already answered—

Q. You did not?—A. I handed to the deputy just the letter I had with my initials.

Q. You handed nothing else to him?—A. No, that is all at that time.

*By Mr. Pardee:*

Q. And the schedules you understood were to be set out on the letter?—A. Yes.

*By Hon. Mr. Foster:*

Q. Did you ever see the schedule of payments made by the Railway Department to Mr. Falconer?—A. I think I have.

Q. Did you make sure that your deputy got that schedule?—A. Yes. I told him that the Railways and Canals Department had employed these men.

Q. Did you ask him to pay the same rates as when they were employed by the Railways and Canals Department?—A. The charges were to be the same as were paid by the Railways and Canals Department, that was my understanding.

Q. Was that your instruction to him?—A. That was my understanding. I don't know whether I gave him any formal instructions because we never settled definitely any account with Mr. Falconer. We wanted to be very sure that the charges he was making were the very same charges that he had made to others, and in that way advances were simply made to him. We never definitely settled any account with him. I have given instructions some time ago that no more payments shall be made to him and to-day there is an outstanding account of more than \$6,000, so that there is a claim against us larger than any reduction that could be made on the former advances.

Q. Do you know that your deputy made any efforts to get that schedule of prices from the Railway Department?—A. He told me so, yes.

Q. Do you know whether he got it?—A. I don't know whether he got it.

Q. You were present at the evidence given here by your deputy?—A. Yes.

Q. I think he stated in the evidence that he had repeatedly tried to get the schedule of prices but had never succeeded. Do you know whether he has ever, as a matter of fact, got that schedule of prices?—A. I am not very sure about it but I think he saw the charges which had been made in the Railways and Canals Department.

Q. He stated here that he had not?—A. That he had not got them from the Deputy Minister of Railways and Canals.

Q. You never took care to see that he did get the schedule?—A. From the Department of Railways and Canals? I communicated with the Deputy Minister of Railways and Canals.

Q. To what effect?—A. To that effect, asking whether he could give us the prices.

Q. Did you get them?—A. We did not get them officially yet. When I say that I did not get the figures officially I mean that the deputy minister showed them to me confidentially.

Q. You communicated you say with the Deputy Minister of Railways and Canals? Did you do that by letter?—A. I don't think so. I am not sure but I don't think so.

Q. I don't find in the papers on record at all any request from you for any officer of your department to the Minister of Railways nor to the Deputy Minister of Railways, asking for that schedule?—A. I suppose I must have spoken to him.

Q. It was done verbally?—A. I think so. I know that he showed to me confidentially the schedule of prices.

Q. Confidentially?—A. Confidentially.



Q. At what time did he do that?—A. Some time ago, some months ago.

Q. Did you give that to your deputy to guide him?—A. I think the accountant saw it. I don't know whether the deputy saw it or if I made the comparison myself.

Q. Did you become possessed of that knowledge before any of these accounts were paid or afterwards?—A. No, there was an outstanding account and he was urging payment and a final settlement. I thought that we should be very sure that no accounts should be paid to him which were not absolutely in accordance with the understanding which I had of the contract.

Q. About what time then was it before the first payment of \$9,415 was made?—

A. All the payments that were made were advances purely and simply and were not an acknowledgement of the charges which he was making on us.

Q. But it was before this account, which is now outstanding, was settled that you got this information privately?—A. Well the final account is not settled yet.

Q. I say it was when the demand was made for the payment of that account and before you paid it?—A. It was after I came back from Europe.

Q. Very well, that is definite. It was after you came back from Europe?—A. Yes.

Q. Up to that time there was no such thing. Did you have any understanding at all as to the number of men who were to be employed by Mr. Falconer?—A. No.

Q. That was left entirely with himself?—A. Yes. I understood from him that he had an expert well versed in each branch of our business. Take the office branch. Take the relations between the agencies and the general office here. Take the office work in those agencies. Take the different branches of manufacturing. He had for those different branches experts who had made a special study of each of them.

Q. Very well then, it appears that in the first place the rates of pay were to be such as Mr. Falconer stated, with the proviso that they were to be his ordinary rates?—

A. His ordinary rates, yes. I could later on compare these with the charges that he was making elsewhere.

Q. The number of men who were to be employed was left with Mr. Falconer?—

A. Yes.

Q. Both those things. Now what arrangement was made, or was there any arrangement, as to the number of hours per day that were to be worked by these men?—A. Between Mr. Falconer and myself?

Q. Yes?—A. I did not discuss this matter with him, what constituted a day's work.

Q. Your arrangement was that Mr. Falconer was to receive a per diem allowance of so much per day?—A. A per diem allowance for his services.

Q. Was there any arrangement between you as to what should constitute a day's work?—A. I think he stated in some of the correspondence what it should be. I do not remember exactly now but I think he stated in some of the correspondence what, according to his way of doing business, constituted a day's work.

Q. Can you turn it up in the correspondence produced?—A. I don't know. I have seen some correspondence regarding that. It is before the House now?—A. Yes, I see a letter in which he is asked to state what constituted a day's work. Here is the letter:

'In addition to the remuneration for services, there are charges for living allowances and transportation and in giving details of time for each of the accountants employed by you the number of hours is given, but it is not stated the exact number of hours which constitute a working day. It is therefore necessary that full details should be given for these charges.'

Q. What letter is that?—A. That is a letter addressed by the deputy to Mr. Falconer.

Q. And the date?—A. December 19th, 1907.

Q. Is that the first allusion that there is then to that matter of hours?—A. I do not know whether there was any communication before that, that is the one I see now.

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Q. That is your contract commenced in July, 1906, and it was in December, 1907, that the question as to the number of hours came up?—A. Yes, but we had always a large amount of money due to Mr. Falconer.

Q. I am not questioning that?—A. Yes, that is all right, but I will have to repeat it as my hon. friend repeats his question.

Q. The question I am repeating is this, as to whether that was the first intimation to Mr. Falconer as to the number of hours that were to constitute a day's work?—A. Yes, but as I told you we had always a balance on hand large enough to adjust the account. There was a balance at that time of \$6,000 or \$7,000 which was quite large enough to cover any discrepancy.

Q. I am not discussing that question, but I am just getting at the time when that question was first raised as to the number of hours that constitute a day's work.—A. (After consulting file). Here is an answer which Mr. Falconer sent.

Q. To that letter?—A. Yes.

Q. What is the date?—A. The 9th January, 1908.

Mr. Falconer says: (Reads).

'In addition, may I call your personal attention to the fact that criticism of our services has been, so far as I can learn based on the assumption that the work we did for your department was an accounting and book-keeping proposition. Far from this being the case, I beg to state that the methods of accounting which we installed were only a detail of our work, and that the real value of our service was in connection with safeguarding the expenditures of your department which annually amount to something like six or seven million dollars. The sum total of the fees paid us represent a very small percentage of this amount, and I am confident any commercial organization disbursing annually amounts paid out by the Department of Marine and Fisheries would not consider our charges in any sense heavy or exorbitant.'

Then follows a statement with regard to Mr. Borden which has no connection with this, and Mr. Falconer continues:

'I would also call your attention to the fact that the various details of our work were authorized by you, over your own signature at different dates. As already stated we have billed your department exactly the same rates as we have for something over a year charged the Department of Railways and Canals for services in connection with the I.C.R., and as we regularly billed our commercial clients and are now billing each month the U.S. government at Washington for services rendered to the Department of War and Interior.

'I will be glad to be advised if the information contained in this letter, in addition to that of even date addressed to the deputy minister meets your requirements.' etc.

Well, he did not meet our requirements.

*By Mr. Maclean (Lunenburg).*

Q. What is the paragraph in that letter you have omitted to read?—A. Reads:

'For your information I may state that on more than one occasion Honourable R. L. Borden has expressed approval of the kind of services we render our clients, and giving it as his opinion that similar services would be a grand thing for the Canadian government.'

*By Mr. Foster:*

Q. Well, we will have something to say about that later on. But he does not meet the department's requirements as to the number of hours for a day's work?—A. No.

Q. Did the department follow that up?—A. Yes, on January 22nd.

Q. 1908?—A. 1908. We ask him again. (Reads)

'I have to acknowledge the receipt of your letter of the 9th inst., addressed to the Minister of Marine and Fisheries, in reply to my letter of the 19th December, in

regard to your account for the installation of a system of book-keeping in the Department of Marine and Fisheries, and stating that you had charged this department exactly the same rate as was charged the Department of Railways and Canals for similar services, and in reply I am to inform you that it is rumoured that there were two different prices charged as between the Department of Railways and Canals and the Department of Marine and Fisheries, and if this is the case it would put the minister in a peculiar position in explaining the matter of your employment before the Public Accounts Committee. I would, therefore, ask you to inform me whether the information I have received is correct.'

Q. By whom was that letter written?—A. By the deputy minister.

Q. What is the answer to that?—A. (Reads)

'Replying to yours of the 22nd inst.

'I beg to repeat my statement, which is already on file in your department in the shape of letters addressed to the Honourable the Minister of your department and to yourself, that I have for similar services billed your department the same as charged to the Department of Railways and Canals for services rendered to the Intercolonial Railway, and that the rates charged to your department are exactly the same as those charged to the Department of Interior and the Department of War at Washington.'

Q. Does that finish the correspondence up to date?—A. Well he asked for some money.

Q. He asked for money,—that is natural.—A. Which was refused.

Q. Another question, Mr. Brodeur—A. Wait a minute, perhaps there is something else. Yes, on the 12th of February he asked for some more money.

Q. That apparently ends that correspondence, so far, up to date?—A. Yes. I know that he came to the department several times since to get money and I said that so long as we did not get complete information as to that I would not be ready to pay him anything more.

Q. Mr. Brodeur, what instructions did you give to your deputy as to checking the number of men employed by Mr. Falconer and the number of days' work that they did?—A. I did not give any special instructions. I told him I had made the arrangement with Mr. Falconer contained in the letter and it was left to the department to carry out the details.

Q. You did not follow it any further?—A. No, I did not.

Q. Do you know, as a matter of fact, whether there was any check at all?—A. Well, perhaps there are instructions with regard to the employment of Mr. Falconer at Sorel, I see—

Q. I mean take it generally?—A. I see a letter on the 30th of July in which I stated as follows: (reads)

'As you are probably aware Mr. Falconer is going to make an examination of our system of bookkeeping in order to submit suggestions for its improvement.'

That is a letter I wrote from Montreal,

'I find, after having discussed the matter over with him that it is necessary that he should make a thorough audit of our accounts of the last fiscal year, 1905-1906. Will you please let him or his employee, Mr. George Paré, have access to our books, accounts, vouchers, files, orders-in council, etc., which he might require for that work.'

Q. That is for having access to the books?—A. Yes.

Q. The question I wanted to ask is, did you say that no instructions were given to your officers to check the time of Mr. Falconer's men?—A. I left that to the officers of the department, that is a matter of administration.

Q. You never informed yourself as to whether or not such a check was being made?—A. I did not.

Q. That is, Mr. Falconer, as you have told us, had the right to employ as many men as he chose, he was paid a per diem rate for those men according to his schedule?—A. According to the schedule of rates, that was the arrangement.



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Q. You never gave any instructions to your officers at all to check the number of men and the number of days they were employed?—A. I did not give any formal instructions if I may rely on the file I have before me.

Q. Where did these men do their work?—A. I do not know.

Q. In your department?—A. I think it was in the department, of course this is a question of detail and I did not go into that.

Q. I have your statement that you never gave any instructions to your officers in regard to that matter?—A. I do not see on this file any formal instructions that I gave.

Q. And these men, according to your letter, or rather according to Falconer's letter to you, were to be paid an allowance for their board?—A. No.

Q. They were to be paid their board?—A. Well, not an allowance, the letter states that in addition to their salary they were going to have hotel and transportation expenses.

Q. They were to be paid their hotel and transportation expenses?—A. Yes.

Q. Was there a conversation between you and Mr. Falconer as to the matter of subsistence?—A. Not at all excepting that letter.

Q. The first accounts which were prepared and submitted were for a per diem allowance? Different charges were made, \$5, \$4 and \$3 per diem?—A. So I see to-day.

Q. But did you not see the accounts before that?—A. No, I see that the question came to me in that way. On the 28th November, 1906, I see a letter was sent by Mr. Falconer to the deputy minister, asking him if he would authorize (reads): 'The issuance of a cheque for \$5,000 in my favour on account of professional services rendered.'

Q. Yes?—A. The deputy recommended this payment.

Q. Recommended it?—A. Yes, recommended the advance of \$5,000.

Q. What is the letter?—A. That is the letter of November 20, 1906.

Q. Will you read that letter?—A. It is as follows (reads):—

'OTTAWA, November 28, 1906.

'Lt.-Col. F. GOURDEAU,

'Deputy Minister of Marine and Fisheries,

'Ottawa, Ont.

'DEAR SIR,—I will be glad if you will authorize the issuance of a cheque for \$5,000 in my favour on account of professional services rendered.

'Yours very truly,

(Sgd.) 'KENNETH FALCONER.'

Q. Yes?—A. I see that inscribed on the letter is a memo 'Noted for Supp. Est. 1906-07. 29-11-06. J.M.L.' I think those initials stand for J. McLaughlin. There is also on the letter a note by the deputy minister: 'The auditor having advised me to charge payments to any vote that could stand them until amount voted on estimates, I recommend this payment. 29-11-06.' I see below that my own initials.

Q. That was a demand for the payment of an advance of this amount?—A. Yes.

Q. Of \$5,000?—A. Yes.

Q. Who is meant by the auditor there?—A. I believe it must be the Auditor General.

Q. You take that to be the Auditor General? You have no auditor in your department?—A. No.

Q. You take this to be the Auditor General who informs your deputy that he can charge this amount to any vote that will stand it?—A. Because there was some accounting which was mostly connected with particular works, like Sorel and Prescott.

Q. I understand that, but the statement there is that the money is to be charged not to any connected work but to any vote that could stand them?—A. 'That could stand them.' Yes, that means the same thing.

Q. It means the same thing?—A. I suppose it does not mean that he could charge upon the vote for the salaries of the officers, this amount.

Q. The letter, of course, will speak for itself. Then the \$5,000 were paid?—A. The \$5,000 were paid.

Q. On your instructions?—A. I initialed this memo there. At that time there was held, I suppose, from nine to ten thousand dollars due which he claimed and said he was in need of money.

Q. I am not objecting to the man being paid, there is no necessity for going into that?—A. We advanced him \$5,000, which left a balance sufficient to—

Q. There is an account (producing account) which really seems to be the first substantial account which is handed in. He was asking for an advance and that is up to the 30th November?—A. Just at the date on which this advance of \$5,000 was made he produced an account for \$9,445.24, so we were perfectly safe in advancing him the former amount.

Q. Does that account set out the basis upon which Mr. Falconer asks for payment?—A. I see that he has charged a per diem allowance also and subsistence.

Q. Take the whole of the items?—A. There is a charge for services.

Q. So many days?—A. Yes.

Q. For services Mr. Falconer charges for 256 days a certain amount?—A. Yes.

Q. And for subsistence he charges a per diem allowance?—A. Yes.

Q. At \$5, \$4 and \$3 per day?—A. Yes.

Q. And then for transportation a lump sum, also charges for stenographers, telegrams and stationery, small sums, the whole amounting to \$9,445.24. Was that account ever placed before you?—A. I don't remember that I saw in connection with that advance of \$5,000, any other document than the letter above quoted in which I see my initials.

Q. That is the advance previous to this. This bill came afterwards?—A. If I remember right, what I always told the deputy was this—when speaking of this question he might have a better memory than I have with regard to these details—but I always told him to be very sure that he would always have a sufficient amount to protect us.

Q. The deputy writes on that, does he not, 'Pay subject to minister's approval'?—A. Yes, I see that.

Q. And then afterwards down below in pencil he marks 'Pay.' Now the deputy swore that he took that to you and that you instructed him to pay that account. Do you say that you did not?—A. Here is what has happened, I think, in connection with this. On the 28th November he came to me for an advance of \$5,000—

Q. An advance, yes, but there was no account with that?—A. No account was there. As there was a larger amount due, which was necessarily due, at the time, we decided to give him an advance of \$5,000.

Q. Yes?—A. Now the memos made by the deputy upon this account depend entirely upon the date at which they were done. If those words had been put in a month after that—unfortunately there is no date there—the deputy could pay him another sum, could make another advance of \$4,000, because there is still due a larger amount to protect us.

Q. The whole point I want to make, and I want you to answer the question, is this: did that account ever come before you?—A. I don't think that it came before me, but if it has come before me I must have told the deputy what I am telling you just now, because I did not initial this, whereas I did initial the other one.

Q. Did you tell him to pay the account?—A. Not the account itself, it would be an advance.

Q. It was not an advance there because the amount claimed was \$9,445.24, of which \$5,000 had already been paid, leaving a balance of \$4,445.24 for which payment was asked?—A. It depends entirely, Mr. Foster, upon this: If that memo of the deputy were put a month later the situation was not the same. I am sure that the

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advance of \$5,000 was made on the 29th November by what I see in the letter I have just quoted. As to this item, if one month later they came up and asked for a further advance, there was no objection to paying the \$4,445.24, because there was a larger amount—perhaps \$3,000 or \$4,000—then due to them beyond the advance.

Q. That is not the question I am putting to you at all. I am putting the question to you as to whether you ordered a payment on a bill which set forth the basis of the payment as to these services and as to per diem allowances?—A. I never ordered the payment of any sum of money which would be acknowledging all the charges made by these people.

Q. Well, if your deputy swears, as he has, that not knowing the basis he took that bill to you marking on it 'Pay subject minister's approval,' and that he afterwards paid it because you approved of it, would you swear that he did not?—A. I don't think the deputy has said that. What the deputy said was that it was a question of advances all the time.

Q. Suppose he did say so, would you deny it?—A. It would not be fair to the deputy or to myself. It would be especially unfair to myself, because I did not sign anything which would acknowledge this account in any shape or form.

Q. Will you say whether or not you ever saw that bill?—A. I don't remember having seen it.

Q. Will you swear that you never saw it?—A. It is very hard to swear such a thing as that. But I tell you, I repeat it, since the whole point is there, I never acknowledged the amount which was charged in these bills for board or per diem allowance, or services.

Q. Did you know personally——?—A. In fact I did not see them, I am very sure I have never seen these different accounts which you have there on the file.

Q. The details would not probably be given to you, but you would see the main account?—A. I think my hon. friend should be fair to me—why try to make out that these details have been put before me? I am very sure they have never been put before me.

Q. Is it necessary to put the details before you in order to show he is charging a per diem allowance—the main bill would show that, wouldn't it? This is the main bill (indicating document) and it says here, 'per diem allowance for subsistence'?—A. Yes, I am sure it never attracted my attention, in fact I was under the impression until a few days ago that vouchers had been produced for all these boarding expenses. Of course I did not see them, I do not see accounts in the department. They do not come before me except under very exceptional circumstances.

Q. You would not swear you did not authorize the payment of that account when the deputy placed it before you?—A. I repeat what I have already stated, that I never acknowledged that we should pay them all the charges included for their services and the per diem allowances, or either of them.

Q. Letting it go at that, and making any reservation you please in the matter, did you authorize the payment of that bill?—A. I did not authorize the charges that are there, I must have said to the deputy, 'Pay an advance.'

Q. Supposing I say then, just as you say, that you had in your mind and spoke to the deputy that you were not going to pay a per diem allowance or that you were going to have the matter adjusted after?—A. I did not go into that for the simple reason that the matter was handed over to the deputy, and that is a mere detail to which I do not attend. I have no time to devote to the examination of accounts, and I suppose it has always been the same with my predecessors.

Q. How did you think your deputy could pay this account? On the basis of the arrangement with Falconer that you alone knew? How is he to pay it?—A. The letter is there which shows exactly what was to be done.

Q. But does it show particularly what was to be done?—A. It speaks for itself, and the deputy decided to simply make advances in order to protect the department, and was very sure that the country should not lose a cent.



Q. Does that letter show how much was to be paid to Mr. Falconer's men day by day?—A. It was mentioned there that he would make the usual charges, and so long as those regular ordinary charges were not known, then the matter could not be definitely settled.

Q. That advance was paid, as you will see by the cheque, Mr. Brodeur, the advance was paid on the date mentioned there, 29th November, by a cheque for \$5,000?—A. Yes, \$5,000 was paid when there was, according to Mr. Falconer's account, some \$9,445.24 due. Now, the next amount of \$4,445.24 was paid on the 21st December, 1906, when at that date, or I see ten days later, an account was placed in the hands of the department for \$6,092.75, so that we paid in the month of November and December \$9,500 in round figures, when there was due them at least \$12,000 to \$15,000, so there was no fear that the government or the country should lose a cent.

Q. But the \$5,000 and the \$4,445.24 closed up that account of the 30th November?—A. It was no account, it was an advance that was made.

Q. Is not that an account (indicating document on file)?—A. That was an account, but the payment of those amounts was no acknowledgment of the accuracy of those accounts; in fact if there had been a payment of the account there would have been a receipt given on the account. The fact that those accounts are not receipted shows conclusively that there was nothing but an advance made.

Q. There would not be a receipt there, but you would have a receipt from Mr. Falconer for the amount. The point is that the \$5,000 advance and the \$4,445.24 cleaned up the bill to the 30th November?—A. They were not paid the \$4,445.24 until the 21st of December, and at that time there was some \$6,000 or \$7,000 more due.

Q. And that closed up that bill?—A. No, there was more than that amount due.

Q. Was the question ever brought to your notice that charges were being made for the subsistence at a per diem rate by Mr. Falconer?—A. Not to my knowledge, no. As I told you, I was under the impression that these payments for board were based upon vouchers showing the amounts paid. That was my impression, and I was greatly surprised to hear that no vouchers had been produced yet.

Q. But you had no communication or understanding with Mr. Falconer with reference to that matter over and above the letter that he wrote?—A. It is included in the letter.

Q. Mr. Brodeur, do you remember at this time having had communications with Mr. Butler as to whether Mr. Butler paid Mr. Falconer, for his men, a per diem subsistence?—A. I could not tell you whether they were paid there a per diem allowance for board.

Q. I think you said you had communication privately?—A. Yes, but I did not discuss with him the question of the per diem allowance. I do not know whether he told me he had paid a per diem allowance or not, I am not sure about that.

Q. Supposing you had known that Mr. Falconer was charging a per diem allowance, would you have gone into this arrangement with him upon that basis?—A. A per diem allowance? Well, it would be a question to be discussed then, but of course I took the contract made with us as it is embodied in the letter. There would have been then, Mr. Foster, a misunderstanding between Mr. Falconer and myself in connection with that, because I see by the letter here that it was transportation and living expenses.

Q. Yes?—A. And, of course, the interpretation which I would put upon the contract would be the actual disbursement.

Q. You do not know as to the details of carrying out the whole thing? It is no use my asking you questions as to that, because you have not these in your mind?—A. No. There are reports which have been brought down.

Q. What I mean is the details of the carrying out of this work, your officers would know?—A. I don't undertake to say anything in regard to that. It is too much of a complicated matter, and I have not any special knowledge in accounting.

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Q. These general questions I had to ask you, because the agreement was made with you verbally and I have nothing else to go upon?—A. Do you mean the work which they have done in the department?

Q. No, the general details as to the agreement with Falconer?—A. They are included in the letter which I have read.

Q. Did Mr. Butler tell you the actual prices that he had paid to Falconer?—A. I think so. Yes, he told me.

Q. And the per diem allowances?—A. I do not remember that he ever mentioned the per diem allowances. It never occurred to my mind. What I was mostly concerned in was to find out whether the men who had been working with us were being paid the same salary that they had received from the Department of Railways and Canals. As to the other thing, as I told you, I was very well convinced that the matter was to be disposed of according to the actual expenses incurred.

Q. Then you never bothered yourself particularly as to what should constitute a day's work and up to January, 1908, you had reached no arrangement as to that question at all?—A. No. I must admit that in a department such as we have it is absolutely impossible for a minister to look into these details.

Q. I know that. The only difficulty, if you will allow me to express my opinion, was, that you went into a contract, involving a very large expenditure and heaped up trouble for yourself, which was simply a verbal contract?—A. It is because the department had been so much criticized in the session of 1906 that I thought it was due to it to make a full investigation.

Q. I am not quarreling with that?—A. I ordered Mr. Falconer to look to the accounts of 1905-6. They had been severely criticized in the House, they had been severely criticized in the Public Accounts Committee. I wanted a clean sheet of that in order to see whether there is something wrong or something which should be remedied. It was important that the department should stand properly before the country, we must regain the reputation of the department. In view of the attacks of some members of the House against us; the department must be placed in a better light before the country. That was the main object which I had in view: to have a good, clean, honest administration. The books, I think, were kept on the plan of what is called single entry and I understand under this system they could not balance. I wanted to have everything kept in such a way that we could trace, just in a few minutes, every transaction of the department. That is the aim which I had in view, that is the reason why I conducted this investigation and made that contract, that I might adopt some further system of accounting if it was found necessary.

Q. Would you act generally on that same principle in making other contracts involving large expenditures of money in your department?—A. Where there is severe criticism, such as the department has received, my aim is to see that everything is carried out in the department in the proper light, and I will go a long way to please my opponents.

Q. Now let me ask you one question in conclusion: Do you not think it would have been better, taking the circumstances as they are to-day, that you should have a hard and fast contract with Mr. Falconer, detailing just how much was to be paid to each class of clerks in the matter of subsistence, transportation, and the like of that, which he could have handed over to your officers and upon which they could have adjusted the accounts?—A. I know very well that we stand in such a position that the country will not lose a cent. Quite the contrary. The country will get great benefit out of all this change which has been made. I had occasion since to discuss the matter with some of my officers connected especially with the manufacturing side of the department and they told me it was the best thing that could be done. It is going to be a great saving to the country. It looks a large amount—we have spent I think \$35,000 so far—but when you take our annual expenditure of \$6,000,000, it becomes necessary to establish a book-keeping system by which this expenditure shall be better checked.



Q. Supposing you could have done this for one-quarter of the price and done it just as effectually?—A. I do not know that we could have got it done so well. I may perhaps be allowed to give some information to my honourable friend. This 'cost' system was tried to be established three different times. A man was sent to Sorel but he could not do it. Another man was sent and he was not any better. We thought we had secured a good accountant who could do that work and we sent him there. However, he was not any more successful. For that reason we were not able to establish the 'cost' system in the way we would like to see it introduced. I could get Mr. Desbarats, who is a very competent man, to speak upon this question, and he would tell you that the system which has been introduced by these people is going to result in a great saving to the country.

Q. It is not a question of the saving to the country. The question we are discussing here is the prices paid to Mr. Falconer without any competition at all and in the face of chartered accountants of great ability and of experts of great ability in Canada, whose schedule prices are about one-third of those charged by Mr. Falconer; and the minister, I understand, never inquired of any of these other experts as to what they would undertake to do the work for.

*By Mr. Maclean (Lunenburg):*

Q. Were these chartered accountants who tried to establish this system?—A. Yes, one of them was a chartered accountant, so far as I am informed. It is a very difficult system to establish; it is not merely a question of auditing books. I would advise the members to read over the reports made by these people and see whether they do not show a great deal of ability.

*By Mr. Bennett:*

Q. Did Mr. Butler tell you that any of the men employed in this work in the Department of Railways and Canals for Falconer or any of his staff had been paid \$75 a day?—A. I think so.

Q. He did?—A. I think the chief advisers in his expert work were paid the same price, \$75 a day; but when we are speaking of \$75 a day we must remember that those men were not working here all the time and furthermore they are men of great experience and great knowledge.

Q. It is no good working that line?—A. Talking of \$75 a day, I might explain to my honourable friend that those men occupy in this service the same position that a prominent lawyer would occupy in an office. You go and consult them and I might tell my honourable friend—

Q. We had better have that in the House and have questions answered here?—A. It is a fact, but if my honourable friend does not want facts—

Q. All I wanted is the fact as to what Mr. Butler told you. He told you that some of the men who had been working in the Railway Department for Falconer on similar work had been paid \$75 a day?—A. Working would not be exactly the term.

Q. Very well, I will call it 'employed'?—A. These men were very prominent accountants having a great deal of experience in all this class of work. Mr. Falconer and others were making reports, and in order to be very sure that the changes which they were suggesting would be good changes in our system—

Q. Answer my question?—A. Let me explain. In order to be very sure that these changes would be good changes in our system, we got the expert advice of these men.

Q. Then Mr. Butler told you that certain of these men were paid at the rate of \$75 per day?—A. Yes, that is my recollection of it.

Q. How many?—A. I would not be very sure.

Q. All these men, did Mr. Butler tell you, had been employed at \$75 per day?—A. I could not say.

Q. What was the next price that they were paid at, did Mr. Butler state?—A. I think it was \$40.



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Q. Mr. Butler stated that some of them were paid at \$40?—A. Well, I—

Q. What other prices did Mr. Butler quote that they were paid at?—A. There were subordinates at a lesser price.

Q. Did Mr. Butler show you the account they had rendered to the department, did he show you the schedule?—A. He did not show me the accounts, he or his minister showed me the schedule.

Q. Mr. Butler showed you a schedule, was that signed by this firm, by Mr Falconer, or anybody on his behalf, stating the rates?—A. I understood it was a schedule of the prices which had been charged the Railways and Canals Department.

Q. Was it a printed form that Mr. Butler exhibited to you?—A. No.

Q. It was a written memorandum?—A. Yes.

Q. Well, we will have Mr. Butler and find out?—A. Of course my hon. friend is not obliged to accept my word.

Q. I say, we will have Mr. Butler produce the schedule; you say he has it; you haven't got the schedule that Mr. Butler showed you?—A. No, I do not think I have it—I may have.

Q. What was the date that he showed you the schedule?—A. Eh.

Q. When would you place the date of his showing you that schedule?—A. I could not say.

Q. It was before Mr. Falconer started work?—A. No, it was after.

Q. How long would it be after? Was it prior to the first payment of \$5,000?—

A. No, it was after the first payment.

Q. Was it before the second payment?—A. I think it was after that too.

*By Mr. Maclean (Lunenburg):*

Q. They were not payments?—A. No, they were advances.

*By Mr. Reid:*

Q. Was it since the investigation of the whole matter in the House that Mr Butler showed you the schedule?—A. Before that.

Q. Can you place the date?—A. No, it was before that.

Hon. Mr. FOSTER.—The minister has told us it was after he came home from Great Britain.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

OTTAWA, Thursday, March 12, 1906.

The Committee met at 11 o'clock a.m., Mr. DUNCAN FINLAYSON presiding in the absence of the Chairman, and proceeded to the further consideration of a payment of \$31,235.35 to Kenneth Falconer, in connection with the reorganization of book-keeping, &c., in the Department of Marine and Fisheries, as set out at pages P-77 and 78, Vol. 2, Report of the Auditor General for the fiscal period ended March 31, 1907.

Mr. A. W. OWEN called and sworn and examined.

*By Hon. Mr. Foster:*

Q. You are the accountant of the Marine and Fisheries Department, are you not?—A. Yes, sir.

Q. And have been for some time?—A. I have been for 12 years.

Q. You have had cognizance of the accounts rendered by Mr. Falconer and payments made to him, have you?—A. Yes, sir.

Q. When does your work commence, say on an operation like Mr. Falconer's, what is the first you have to do with it?—A. The accounts come to me and I examine them.

Q. The accounts come to you?—A. Yes.

Q. That is the first you are supposed to know with reference to an operation?—A. Yes.

Q. You have nothing to do with the certification of work performed?—A. Not in this case, no.

Q. Nor with certification as to the number of men employed?—A. No.

Q. Or as to the rates they are employed at?—A. No.

Q. Nor as to their transportation expenses?—A. No, I have nothing at all to do with that.

Q. Nor as to their daily subsistence?—A. No.

Q. The accounts come to you, then what do you do?—A. I refer them back. I don't take any action on them at all.

Q. They are sent in to you by whom in this case?—A. They are sent up to me from the office downstairs.

Q. Which office?—A. The deputy minister's office.

Q. Then what action do you take on an account coming to you from the deputy minister's office?—A. I hold it there and do not take any action at all on it.

Q. How long do you hold it and for what purpose?—A. I hold it until I get instructions to pay a sum of money or an advance on account of it.

Q. Or to pay the bill?—A. Yes.

Q. From whom do you get those instructions?—A. From the deputy minister's office.

Q. With reference to the Falconer bill then, you received it up to November 30, did you?—A. Up to November 30.

Q. You understand that to be a bill from the commencement of the services up to the 30th day of November?—A. Yes.

Q. You received that bill from the deputy minister?—A. Yes.

Q. Did you return it to him?—A. Not at the time, I held it in the office for a while.

Q. And when did you give up your hold of it in the office, I don't mean the date, but under what circumstances?—A. I did not give up my hold of it at all, sir.

Q. Then what was the first action upon that?—A. I gave an advance on account of that account.

Q. By whose instructions?—A. It was on November 29.

Q. On November 29 you gave an advance of how much?—A. \$5,000.

Q. By whose instructions?—A. By instructions from the office downstairs.

Q. From the deputy minister's office?—A. Yes.

Q. Then what was the next payment you made on that account?—A. The next payment I made on that account was on December 12.

Q. For how much?—A. For \$4,445.24.

Q. On whose instructions?—A. Well, the usual instructions, sir, but before I paid that I had other accounts on hand so as to be sure that it would be all right in paying it.

Q. Are you a judge as to whether accounts should be paid or not?—A. I am not a judge, no, but I generally hold over some accounts.

Q. You simply pay on instructions?—A. Simply pay on instructions.

Q. You may think the account is a good account or not, but you simply obey instructions, is that right?—A. That is right, sir.

Q. Then you paid \$4,445.24, that being the second payment. Did that pay the whole of the bill first rendered?—A. That was the first account.

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Q. I am talking of the account rendered to the 30th November?—A. When I paid that account we had other accounts.

Q. Never mind, I am not asking that now?—A. Well, I paid that account.

Q. You paid \$4,445.24 and that settled the whole of the first bill up to the 30th November, 1906, is that correct?—A. That is correct, sir.

Q. You asked for no certification?—A. Well, I did not ask for any certificate of that account.

Q. That is not your business?—A. No.

Q. Without going into all the other accounts *seriatim*, does the same hold good, that you received those accounts as they were handed in, you held them for instructions from the deputy minister's office, and you paid them when such instructions were given?—A. Yes, merely advances, I paid advances on the account.

Q. You may call them advances or whatever you please?—A. Yes.

Q. But that was true with reference to all the other accounts was it, that was your method of procedure?—A. Yes.

Q. You raised no question as to whether these accounts were correct or not?—A. Well, I understood they were correct.

Q. But you raised no question?—A. I raised the question of travelling and living expenses.

Q. With whom?—A. With the deputy.

Q. What was the ground of your objection?—A. Well, I did not know what arrangement was made for the living allowance.

Q. Is it necessary for you to know?—A. Well, I wanted to know.

Q. Well, as a general rule, do you consider it part of your duty to find that out?—A. In dealing with accounts I do, yes.

Q. That is, you want to have some agreement, or basis of agreement, upon which you can form a judgment as to account?—A. Yes.

Q. Was any such agreement, or basis of agreement, in writing given to you?—A. There was not any.

Q. Did you ever have put into your possession a schedule of prices, or anything like that, on which Mr. Falconer was to be paid?—A. I understood the schedule of prices was so much for living expenses and transportation.

Q. Did you ever have a schedule of prices placed in your hands?—A. Never.

Q. From whom did you get your understanding?—A. I understood when I asked the question from the deputy's office.

Q. And he told you that there was a schedule of prices?—A. I did not know whether there was a schedule of prices or not connected with the affair.

Q. You never saw it?—A. No.

Q. But you understood from the deputy that there was a schedule?—A. I understood that there was some arrangement made, but I did not know what it was.

Q. Did you raise any question with reference to the rate of pay per day, did you raise the same objection with reference to the rate of pay per day?—A. I thought the rate of pay was all right. I thought surely they would not send in an account unless it was the regular schedule prices. I took it to be the regular schedule prices of the chartered accountants.

Q. You never had a schedule of prices put in your hands?—A. No.

Q. Did you raise the point with the deputy, or did you not, that these rates of pay seemed large?—A. Yes, I did.

Q. And the answer to that was that they were regulated according to schedule?—A. That they were the schedule prices of the chartered accountants.

Q. But the deputy never showed you that schedule?—A. No.

Q. Did you understand that was the regular schedule used by chartered accountants?—A. Well, I did not know, I had never had any dealings with chartered accountants before.



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Q. You did not know whether that was the schedule used by chartered accountants generally, or what kind of a schedule it was?—A. No.

Q. And as a matter of fact you never saw it?—A. No, but I say this: I always kept back a certain amount of money to protect the department in case of any dispute.

Q. Well, as you say, that of course you have already said, it is your business to pay when you are told to pay?—A. Yes.

Q. That is what you did in this case, is that right?—A. That is right, sir.

Q. Yes, whatever opinion you may have had—you may have had a private opinion, or may have talked about it, but when it came to the test you were told to pay and you paid it?—A. Yes.—I might say here, sir, I was going to say here that the total amount of the living allowance—

Q. I will ask you some questions and if you want to add something to that you can do so after.—A. Yes, I was going to say—that in order to protect the department, the whole amount of the per diem allowance was \$5,373.50, and I held back \$6,830.86 in case any dispute might arise about the living allowance.

Q. Mr. Owen, let me ask you a question now, I have no objection to your making a statement but I want to put one or two questions now. When this first bill was put in—

Mr. MACLEAN (Lunenburg).—That is not fair to interrupt the witness, you said you were done with him, you invited him to make a statement and then you interrupt him.

Hon. Mr. FOSTER.—I am going to ask him some questions and then I will give him full liberty to make any statement he desires, but he is my witness and I am going to ask him questions now.

Mr. MACLEAN (Lunenburg).—You said you were through with him.

Hon. Mr. FOSTER.—I say I am not through with him now.

THE CHAIRMAN.—I think it will be well to allow the witness to make his statement, and then, Mr. Foster, you can question him on the statement.

WITNESS.—I say I held that money back.

*By Hon. Mr. Foster:*

Q. Which money?—A. I held back \$6,800 in case there should be any dispute about the charges, so that it could be settled when the work was done. I have also to say that before the minister left for Europe he instructed me not to pay any more money to Mr. Falconer until he returned and I did not do so unless I got the full instructions from the acting minister. I took the acting minister's instructions for any payments made while the minister was away.

Q. Now I want to ask a question or two. The basis of that statement that you received, the first bill amounting in all to \$9,445.24—you first paid an advance on that, did you not?—A. Yes sir, \$5,000.

Q. And then you paid the remainder of the bill, \$4,445.24?—A. Yes, as I have already stated, by instructions.

Q. Therefore you did not reserve any of that bill for a readjustment of that account?—A. Yes, I held—

Q. Just answer that question?—A. No, for this reason, that they were still at work in the office and they had another bill coming due in the course of a few days and I thought we had enough to protect the department.

Q. That is all right, but I want your answer clear and distinct, that Mr. Falconer rendered a bill on the 30th of November for \$9,445.24 and you, on instructions, paid the whole of the bill?—A. I paid the bill, yes.

Q. You reserved not a single dollar out of that bill for the readjusting process, up to the 30th November—yes or no?—A. No, I did not, but they had furnished another account at the time, before I had paid it, which I held over.

Q. This was, about what time, that you paid that \$4,445.24?—A. I think that was December 12, sir.

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Q. On December 12 you paid the remainder of that bill, making payment on that bill, up to that time, of all the services charged by Mr. Falconer up to the end of November?—A. Up to the end of November.

Q. That is true, is it?—A. Yes, up to the end of November.

Q. At that time did you have in your mind that you were to protect the department in any way from too great charges?—A. I did that myself, sir.

Q. Eh?—A. I did that myself without any instructions from anybody in the department.

Q. Did what?—A. Held it over, tried to protect the department by holding it over.

Q. Did you hold any over of this account?—A. No, but I knew there was another account that I could hold over.

Q. On December 13th when you paid the whole of the first bill, and held nothing back for readjustment of that account up to the 30th November, did you have in your mind then that it was necessary to protect the department against Mr. Falconer's charges?—A. Yes, I did.

Q. Did you have it in your mind then?—A. Yes, I did, sir, and the accounts, you remember were rendered monthly.

Q. I know.—A. And I held back an amount to protect the department.

Q. You had that in your mind?—A. And I did that straight away through the whole transaction.

Q. You had that in your mind then?—A. Yes sir.

Q. Was there any intimation given to you that the department needed to be protected in this matter?—A. Not by anybody.

Q. You received none?—A. No.

Q. You did that, off your own bat?—A. I did that off my own bat.

Q. Up to the 13th of December when you paid that amount what accounts had been rendered, over and above this first account?—A. Will you be kind enough to ask that question again, please?

Q. On the 13th of December, when you paid the whole of the first account, what other accounts by Mr. Falconer had been put in your possession?—A. I can't remember that.

THE CHAIRMAN.—With regard to that question, I do not think that the witness has said he paid the full amount of the first account. He says he has made advances of \$5,000 and \$4,445.24.

MR. LENNOX.—He has paid an amount equivalent to the first account.

THE CHAIRMAN.—That is all right, but he has not paid the full amount. It is only a change in the way of putting the question.

*By Hon. Mr. Foster:*

Q. You understand this question?

HON. MR. BRODEUR.—What is the question.

*By Hon. Mr. Foster:*

Q. On the 13th of December when you made the full payment on the first account had you any other account from Mr. Falconer in your possession?

HON. MR. BRODEUR.—I object to that question.

WITNESS.—I can't remember.

HON. MR. BRODEUR.—The witness never said that he had made a full payment of the first account.

HON. MR. FOSTER.—Well, I will put the question so that you cannot object.

*By Hon. Mr. Foster:*

Q. On the 13th of December, 1906, had you any other account of Mr. Falconer in your possession, with the exception of the account rendered to the 30th November?—

A. I cannot remember that at present, sir, I might have had.

Q. How often are these accounts rendered?—A. Monthly, sir.

Q. Monthly?—A. Yes.

Q. This first account was up to what time?—A. I understood it was up to the 30th November.

Q. Then the next monthly account would not be rendered until?—A. At the end of December.

Q. And this was on the 13th of December, wasn't it?—A. On the 13th of December.

Q. Would you be likely to have another account in your possession on that date?—A. I can't tell you just now.

Q. Have you any reason to think that the account for December would be given in by the 13th of December?—A. I do not know exactly, I cannot answer that question just now.

Q. Your memory does not bear that out?—A. No.

Q. Well, Mr. Owen, will you just examine your papers and be prepared to answer that question?—A. All right.

Q. The question is a plain one?—A. Yes.

Q. That is all, I think, I have to ask you at the present time.

*By Mr. Maclean (Lunenburg.)*

Q. How long have you been in the department? In what year did you enter the service?—A. I entered the service in March, 1881.

Q. What is the practice as to the payment of accounts in the Marine and Fisheries Department? Does the payment follow an audit or precede it?—A. It follows the audit.

Q. There is a payment first and then an audit?—A. No, no, the audit is first.

Q. Who audits it?—A. My staff and myself, and all accounts that are audited come to me before payment, and no accounts are paid except properly certified.

*By the Chairman:*

Q. By whom were they certified?—A. By the parties who authorized the work and the agents.

*By Hon. Mr. Brodeur:*

Q. You had nothing to do, Mr. Owen, with the work which was performed by Mr. Falconer and the department?—A. Not at all, sir.

Q. It was connected with your branch?—A. It was connected with my branch. When Mr. Falconer was sent to me I directed my staff to give him all books, vouchers, papers, accounts and everything at their disposal in the department for a thorough examination.

Q. Were formal instructions issued by the minister to that effect?—A. Yes.

Q. And acting upon the instructions of the minister you handed over?—A. Everything.

Q. They made an examination of the accounts for the year 1905-1906?—A. Not for the year 1905-6 because at the time they came the accounts for that year were in the hands of the Auditor General for the preparation of the report.

Q. Well the vouchers were there, the accounts were in the department too?—A. Yes.

Q. The department gave them immediately the accounts which were in its possession?—A. Every account that went in; they got everything that was asked for.

Q. Was there not some friction, some difficulty about having accounts in the department for some time?—A. There was, yes.

Q. What was the cause of the difficulty that arose in connection with those accounts?—A. The originals of the accounts were in the possession of the Auditor General and they could not get them.



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Q. But you have duplicates in the department?—A. We have duplicates in the department but they required the originals, the same documents that were sent to the Auditor General.

Q. Would there be any objection to giving them the duplicates which were in the department?—A. None whatever, but all accounts are not rendered in duplicate you must understand.

Q. I know, but what objection was raised to giving to Mr. Falconer the duplicates of the accounts which were in the department?—A. There was no objection raised at all.

Q. Well why were not those accounts given immediately?—A. They were given whenever they asked for them.

Q. Was there not correspondence when the minister was away in Halifax as to that and was the minister not obliged to give formal instructions?—A. They decided then to take the year 1906-7 so that they could have all the vouchers at their disposal.

Q. Well the vouchers were also in the hands of the Auditor General?—A. Yes.

Q. Was there any reason why the duplicates of those accounts should not have been given to them right away?—A. They could have been given but they were not all complete. There was no use in their having accounts unless they were complete.

Q. I suppose you were aware of the letter of 30th July written by the minister from Montreal to the acting deputy minister, Mr. Staunton?—A. Yes, that was presented to me.

Q. I mean the letter stating the following: (reads):

'As you are probably aware Mr. Falconer is going to make an examination of our system of bookkeeping in order to submit suggestions for its improvement. I find after having discussed the matter over with him that it is necessary that he should make a thorough audit of our accounts of the last fiscal year 1905-6.

'Will you please let him or his employee, Mr. George Paré, have access to our books, accounts, vouchers, files, orders-in-council, etc., which he might require for that work.'?—A. I complied with those instructions.

Q. This letter was communicated to you?—A. Yes, and I complied with the instructions.

Q. Then why was there any difficulty between Mr. Falconer and the department, or your branch of the department, over taking communication of the accounts?—A. I did not know there was any friction, sir. It is the first I have heard of it.

Q. There was no friction?—A. No, I never heard there was any friction between Mr. Falconer and me.

Q. Was there not any delay because some papers could not be shown to Mr. Falconer?—A. I don't think so, I don't remember any.

*By Mr. Maclean (Lunenburg):*

Q. That was due to the papers being in the hands of the Auditor General?—A. The vouchers were in the possession of the Auditor General.

*By Hon. Mr. Brodeur:*

Q. But the accounts were in the department, or rather duplicates of them?—A. The originals of the accounts were at the Auditor General's office up to that date, sir.

Q. Let us understand what you mean by originals. You mean the accounts which were in the hands of the Auditor General but the duplicates which were in the possession of the department should be considered as originals too?—A. It is not on every occasion that the duplicate accounts all have the proper certificates on them. The original accounts that are paid are properly certified. We understand that and we pay on the certificate. At times the duplicates are not certified and they would be no good for audit.

*By Hon. Mr. Foster:*

Q. You must have the certified accounts?—A. Must have the certified accounts.

*By Hon. Mr. Brodeur:*

Q. And you say that in some cases the duplicates are not certified?—A. In some cases the duplicates are not certified.

Q. When did you, for the first time, get an account from Mr. Falconer, do you remember?—A. I think it was some time in November, sir.

Q. What was the amount claimed then?—A. The amount of the claim was something over nine thousand dollars.

Q. Could you give us the exact figures?—A. I think so (after referring to memorandum). I think the amount was \$9,445.24.

Q. Was this account certified?—A. It was certified by Mr. Falconer.

Q. Was it certified by Mr. Falconer?—A. Yes.

Q. Are you sure of it?—A. Mr. Falconer's name is on it. I think. I think Mr. Falconer's name is on it.

Q. His name was on it, but I do not think it was certified (after examining account). No, it was not certified. Here it is (handing account to witness)?—A. Yes, that is the account. Well, I thought some of them had Mr. Falconer's name on.

Hon. Mr. FOSTER.—The second and following one?

The WITNESS.—Yes, I think some of them had his name on the back of the sheet.

*By Hon. Mr. Brodeur:*

Q. Then this account was not certified?—A. It does not appear to be.

Q. You made an advance of \$5,000 about that time?—A. Yes.

Q. On the 29th November?—A. Yes, I think so.

Q. There was a balance due after the payment of that sum of \$4,445?—A. Yes.

Q. Mr. Falconer's staff was still working in the department?—A. Still working in the department.

Q. On the 12th December you paid an amount of \$4,445.24?—A. That is right.

Q. There was still a balance due then?—A. Still a balance due then.

Q. Is it your habit to pay money on an account which is not certified?—A. Never, sir, I never pay an account without its being certified.

Q. Do I understand that the money paid on 12th December of \$4,445.24 should be considered as an advance or as a payment?—A. A payment on account of their work.

Q. As an advance?—A. Yes, a payment on account of their work.

Q. Did you take a receipt?—A. I always take the cheque as the receipt.

Q. Whenever you made an advance was there not always a large amount due?—A. There was always a large amount due.

Q. A large balance due?—A. Yes. I always kept a balance to protect the department, because I did not know the arrangement.

Q. You said, Mr. Owen, that you did not see any schedule of prices or any contract. Did you see the letter of 25th July, 1906, addressed to the minister?—A. From whom, sir?

Q. Addressed by Mr. Falconer to the minister, in which he stated that his charges for services rendered would be based on the regular schedule of rates for the different members of his staff, and in addition the hotel and transportation expenses incurred in connection with the work?—A. I saw that letter.

Q. So that when those accounts came before you—it was before the account of the 30th November came before you, or after?—A. I saw it afterwards.

Q. You saw it afterwards?—A. Yes.

Q. You did not see it before?—A. No.

Q. When did you see that letter?—A. I cannot recall the date now, but I remember seeing the letter.

Q. You said that the minister, before leaving for England in the beginning of April, 1907, gave you instructions not to pay any more upon these accounts until his return?—A. Yes.

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Q. You recommended now, later on, that certain advances should be made, didn't you?—A. I did that when they asked for advances, I said I would make advances if approved by the acting minister.

Q. But even since the minister has come back haven't you suggested to the minister to make advances?—A. I don't think they got any advances since the minister came back.

Q. I know he did not get any advance, but didn't you suggest yourself to the minister?—A. I suggested once, I think, that we were holding back a certain amount of money.

Q. What did the minister tell you?—A. That there was to be no money paid; that is since the minister returned.

Q. And no money has been paid since the minister returned?—A. No.

Q. Will you tell the committee the reasons that the minister gave you for not making any more payments?—A. The minister, in December, asked me to dictate a letter to Mr. Falconer asking for all vouchers for living expenses, and I wrote that letter.

Q. The minister came back in the beginning of October, didn't he?—A. Yes.

Q. And then you suggested to the minister about that time, that some advance be made to Mr. Falconer?—A. I did, that there was enough money held back on the account and that he might make an advance.

Q. And the minister refused until all vouchers and everything of that kind had been produced?—A. Refused until that letter was answered and full information given.

*By Hon. Mr. Foster:*

Q. That letter was about what date?—A. I think I wrote that letter in December.

*By Hon. Mr. Brodeur:*

Q. And even before that did not the minister tell you that no payments should be made until all vouchers had been produced?—A. Yes.

Q. And until he had ascertained that the prices were fair and just?—A. Yes, and no further amount has been paid since.

Q. No money has been paid since?—A. No.

Q. And there is now a balance claimed of \$6,000?—A. \$6,800, I think.

Q. So that if there is a much larger balance claimed by Mr. Falconer to be due to him than the amount in dispute the department is protected?—A. Yes.

Q. And amply protected?—A. Yes.

*By Hon. Mr. Foster:*

Q. The letter you wrote to Mr. Falconer, Mr. Owen, was in December, 1907?—A. I think it was in December.

Q. I think it is on the file?—A. Yes.

Q. Would you sign the letter, or would it go to the deputy minister for signature?—A. It would go to the deputy minister for signature.

Q. You say that the minister, at one time, before he went away, instructed you to pay nothing more to Mr. Falconer?—A. Yes.

Q. Was that instruction given verbally?—A. Yes, I think it was verbal.

Q. You have no letter to that effect?—A. No.

Q. After that you did pay, before the minister came back, you did pay on the instructions of—A. The acting minister.

Q. Were those instructions verbal or written ones?—A. I got the initials, I got the instructions of the acting minister to do so.

Q. And the acting minister was Hon. Mr. Templeman?—A. Hon. Mr. Templeman.

Q. The point I want you to look up is as to whether on December 13th you had received the second bill from Mr. Falconer, and at what date that bill came into your office?—A. I will look that up, sir.

Witness retired.



KENNETH FALCONER, called, sworn and examined.

*By Hon. Mr. Foster:*

Q. What is your name?—A. Kenneth Falconer.

Q. Kenneth Falconer—what is your place of residence?—A. Westmount, Montreal.

Q. How long have you resided in Montreal?—A. Practically all my life.

Q. And you are still a resident of Montreal?—A. Still a resident.

Q. Where is your place of business, or where has been your place of business for the last two years?—A. 224 St. James St., Bank of Ottawa Building.

Q. Montreal?—A. Montreal.

Q. Had you any other place of business during the last two years but Montreal?—A. No.

Q. What is the business that you have been carrying on for the last two years, we will say, in Montreal, at the Bank of Ottawa Building, 224 St. James St.?—A. Accounting and production engineering.

Q. Accountant and producing engineer?—A. Accounting and production engineering.

Q. What do you mean by that word 'production' engineering? What is included in that?—A. It is a comparatively recent development of work, chiefly in connection with manufacturing industries.

Q. What is that?—A. It is comparatively a new development of work, chiefly in connection with manufacturing industries. The ordinarily accepted definition is that 'production engineering' is the science of combining men, methods and equipment to secure the maximum possible output of given quality at a minimum expenditure of time and material.

Q. A very good definition; I think that covers it all, Mr. Falconer. You have a staff and have had a staff in your place of business in Montreal?—A. Yes, sir.

Q. And you are the proprietor of that business in Montreal, are you?—A. No.

Q. Then in what relation do you stand to your business in Montreal?—A. I am secretary of the company and managing director.

Q. What is the company?—A. Gunn, Richards & Company.

Q. That is an incorporated company?—A. Yes, sir.

Q. Incorporated where?—A. Quebec.

Q. In the province of Quebec?—A. Under a Quebec charter.

Q. When was it incorporated?—A. I could not say off-hand.

Q. Has it been incorporated for a number of years?—A. No. Just one moment, Mr. Foster.

Q. Give the answer as nearly as you can come to it?—A. Between one and two years.

Q. Between one and two years?—A. That is to the best of my memory at present.

Q. Was it an incorporated company in July, 1906?—A. No, I think not.

Q. It has been incorporated since that?—A. Since that.

Q. You are the secretary, you say, of that company?—A. Yes, sir.

Q. Who formed the directorate of that company?—A. Mr. J. M. Gunn, Mr. Richards, myself, Mr. Alec. Falconer of Montreal, and Mr. H. S. Williams.

Q. Four?—A. Five.

Q. Where do these directors live?—A. Three of them in Montreal.

Q. Which three?—A. Mr. Alec. Falconer, Mr. H. S. Williams and myself.

Q. And the other two live where?—A. They are in New York.

Q. New York is their residence and place of business?—A. Their place of business, yes. Their residence, I am not prepared to say where it is at present.

Q. New York is the place where you would find them?—A. Yes.

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Q. This company has been incorporated since the 1st July, 1906, you say?—A. Yes.

Q. Under what name is it incorporated?—A. Gunn, Richards & Co.

Q. Is Williams an acting member of your firm?—A. No.

Q. What business is he engaged in?—A. Law.

Q. He is a lawyer, and the other Falconer, I think, is a brother of yours?—A. My brother.

Q. He is also a barrister in Montreal?—A. Yes.

Q. Those are two of the directors, and with yourself make up the three directors living in Montreal? Do Gunn and Richards carry on an independent business in New York?—A. Do you mean independent from my firm in Montreal?

Q. Yes?—A. Yes.

Q. And how long have they been in business there?—A. I could not say the number of years.

Q. They are an old firm are they not, fairly old?—A. Six or eight years, ten years perhaps—something like that.

Q. What staff do you employ in Montreal?—A. That varies at different times.

Q. How many men have you employed this last year, say?—A. Employed by the Canadian company?

Q. Yes, in Montreal? That is, how many men have you had there at your place of business and doing the different businesses that you have been carrying on, what you might call your own staff?—A. From five to six, or seven, I imagine.

Q. Five, or six, or seven?—A. Yes, at certain times.

Q. It may be less?—A. It may be less or it may be more.

Q. At certain times it may be less than seven?—A. Yes.

Q. Outside of from four or five to seven that you have had in Montreal, have you been employing persons for the New York office?—A. Yes, I have been using the services of the New York staff.

Q. That is, you implement the services of your Canadian employees by drawing upon the staff of Gunn, Richards & Company?—A. Yes, exactly, and it works the other way; they also do the same.

Q. As far as your staff is concerned they sometimes take some of your Canadian men and employ them?—A. Yes.

Q. They, however, as regards carrying on their business in New York, are an independent company?—A. Absolutely.

Q. Absolutely an independent company. Are you a chartered accountant?—A. No.

Q. You never have been?—A. No.

Q. You got put on the correspondence here then rather out of your order? With reference to the work done for the Department of Marine and Fisheries, did you yourself do any of the audit work or examination work?—A. Yes.

Q. That is you count yourself as one of the staff in doing this kind of producing, engineering and audit work?—A. Yes, sir.

Q. And you do the work yourself and not merely the supervision of others in doing it?—A. On occasions, yes.

Q. On occasions?—A. Yes.

Q. But as a matter of course, I suppose, the larger part of your time is taken up in the supervision of your staff, getting work for them and seeing that they do the work, is that true?—A. I would certainly say the larger part varies.

Q. Well, a portion of it?—A. Portion of it, yes.

Q. As to about what proportion?—A. It would be impossible for me to say, it varies so thoroughly at different times.

Q. It would vary no doubt according to what you have said. How can you take up this work at the Marine and Fisheries Department? How did you get on to it?

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A. In the ordinary course of business. I had been soliciting work in connection with the Harbour Commissioners in Montreal.

Q. Then this developed as a result of that. What was your first step with reference to getting this work?—A. My first step was making several calls on the Minister and on different members of the Montreal Board of Harbour Commissioners with a view to securing that contract.

Q. Did you secure that contract?—A. We have since done a certain amount of work for the board. At that time we did not secure it.

Q. Now, leaving the Harbour Commissioners of Montreal aside, what were the steps you took, the initial steps, in getting hold of this work?—A. To the best of my recollection it was suggested or spoken about to me at the time I was discussing with the Harbour Commissioners.

Q. By whom.—A. To the best of my recollection, Mr. Brodeur.

Q. Mr. Brodeur, the minister?—A. To the best of my recollection, the minister.

Q. Did you meet Mr. Brodeur before those negotiations?—A. Not before my negotiations with regard to working for the Harbour Commissioners.

Q. Then on the suggestion of Mr. Brodeur?—A. That is the best of my memory.

Q. You took up the matter of the work here and pursued it by conference and correspondence with Mr. Brodeur?—A. Yes.

Q. Chiefly by conference?—A. Chiefly by conference.

Q. Did you write the letter of July 25 before or after your conference with Mr. Brodeur?—A. My recollection is that I had had a conference before and also had had some additional ones after.

Q. But naturally you would have a conference with Mr. Brodeur and your letter would supervene on that. I will read this letter (reads):—

‘MONTREAL, July 25, 1906.

‘Hon. L. P. BRODEUR,

‘Minister of Marine and Fisheries,

‘Dominion Government,

‘Ottawa, Ont.

‘DEAR SIR,—Herewith I beg to hand you report outlining the preliminary step which I purpose taking in order to carry out your instruction in regard to the accounting of the Department of Marine and Fisheries.’

Q. Before writing this letter then, you had received instructions from Mr. Brodeur to undertake the work?—A. Yes, sir.

Q. Had you in your conferences previous to the writing of this letter dealt fully with the remuneration for your services and the extent of your services; had you talked over prices and conditions and all that with him?—A. Will you ask that question again, please?

Q. Before you wrote this letter had you talked over—that is the letter of the 25th July—had you talked over with Mr. Brodeur the conditions of the work, the rate of charges and remuneration for the work?—A. To the best of my recollection, that question had come up.

Q. That question had what?—A. Had been discussed. But I made the statement, I think, that it was absolutely impossible to make any estimate of the expenditure involved until I knew something more of the existing conditions.

Q. Did you, with Mr. Brodeur, talk over what amount of pay your men should receive?—A. The rates I was to charge for their services?

Q. Yes?—A. No, nothing beyond that letter that is on the file.

Q. You did not, before writing this letter, have any talk with Mr. Brodeur as to the number of men you would employ and the rate of pay that you would charge for them to the department?—A. I could not say positively whether that question came up before that letter was written or not.



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Q. As to the best of your recollection?—A. I could not. The question had been discussed, but whether it was prior or subsequent to writing that I am unable absolutely to express an opinion.

Q. However, you received instructions before you wrote this letter to go on with the work?—A. That letter of mine evidently implies so.

Q. You think that would be correct?—A. I have no doubt of it.

Q. Now then you go on to say, 'My charges for services rendered will be based on the regular schedule of rates for different members of my staff,' what did you mean by that?—A. I meant that we would charge the Department of Marine and Fisheries for the services of the different members of our staff the regular rates per day which we are in the habit of charging any other clients.

Q. According to your schedule?—A. According to our schedule.

Q. Had you any printed schedule?—A. No.

Q. Did you deliver that schedule to the Minister at this time, or before?—At that time, I think not.

Q. Or before?—A. I think not.

Q. And as to the number of men that you were to employ this does not say any number, what was your understanding as to that?—A. The understanding, when I went in on the basis of the Minister's instructions, was that it was absolutely impossible to estimate how many men there would be required.

Q. So that there was no limit placed to the number of men?—A. No.

Q. That was to be in your own discretion?—A. Either in my own discretion or subsequently discussed in consultation with the Minister.

Q. So much with reference to that. Now, you speak of your staff. What do you refer to there in the words, 'members of my staff'?—A. Any employees connected either with the Montreal or New York office whom I might desire to utilize on this work.

Q. Did you, at the time, in your conference with the Minister, explain to him that a portion of your staff would be drawn from New York?—A. I could not answer that question, sir, I am unable to say.

Q. To the best of your knowledge?—A. To the best of my knowledge that was implied, in as much as I think I told the Minister I had the best possible service that I was connected with a firm which could supply the very best possible service of that nature.

Q. Did you mention to the Minister that that was a New York firm?—A. I do not remember whether I did or not, sir.

Q. You would be apt to remember that, wouldn't you, if you did? But you don't recollect?—A. I do not recollect distinctly as to whether or not I did.

Q. Then is it not probable—we will take your own opinion of it—that you left the Minister with the idea that this was a Canadian staff which was going to do the work?—A. I think with the idea further that if it was necessary it would be supplemented by outside assistance.

Q. But you do not recollect that you said that the outside assistance was to come from a New York firm?—A. I do not recollect.

Q. You go on to say, in your letter, 'and in addition the hotel transportation expenses incurred in connection with the work,' what did you mean by that, Mr. Falconer?—A. What is the date of that letter?

Q. The 25th of July, the first letter you wrote to the Minister so far as the files show?—A. At that time I assume that I meant the transportation and the actual expenses, actual disbursements resulting from the prosecution of the work.

Q. Will you just state that a little louder, so that the Committee can hear?—A. At that time, I think I probably meant the actual disbursements resulting from carrying out the work.

Q. That is the actual disbursements for living expenses and for transportation?—A. Yes, sir.

Q. You go on to say, 'my charge for services will, of course, be made only for such time as is actually devoted to the work,' what do you mean by that?—A. I meant that the time of the staff devoted to that work—that the charge to the department would represent the time actually spent in the service of the department.

Q. That is the time actually spent in doing the work?—A. In doing the work.

Q. Now, you knew at that time, didn't you, that you were going to take a considerable portion of your staff from New York?—A. At that time, and before commencing, I had no idea how big a staff I would require, or where I would secure it; I am speaking now of the date of that letter.

Q. And your idea then was that what you would charge the department would be the actual living expenses and the actual transportation expenses?—A. Yes.

Q. And you expected your pay to be given to you monthly? (Reads) 'It is my usual practice that accounts are rendered and payable each month, which I trust will be agreeable to you. I will be glad to receive your acknowledgement of this report, and have my understanding of your instructions confirmed.' Did you receive any answer to that letter?—A. I could not say without looking up my files.

Q. There is no answer on the files, as the department have given them; do you think it probable that you did receive a written answer to that letter—it is very important. Did you not bring your letter files with you?—A. No, Mr. Foster.

Q. Why not?—A. I was not in Montreal at the time the summons was received at my office.

Q. And you have not been in your office since?—A. I have not been in my office since.

Q. You did not instruct anybody to have them sent up to you?—A. No.

Q. Well, probably you might have done that, but it does not matter very much, they can be got if necessary. You have no recollection?—A. I have no positive recollection on the subject.

*By Hon. Mr. Brodeur:*

Q. Was not the letter handed to the Minister?—A. This letter? Was it delivered in person?

Q. Yes?—A. I could not say.

*By Hon. Mr. Foster:*

Q. Well now, Mr. Falconer, you are not sure that you received an answer to that?—A. No, sir.

Q. Were you in Ottawa on the 25th July, 1906?—A. I could not tell without looking up my records.

Q. It is a pity again that you did not bring your papers with you. After having written this letter to the minister did you have any conference with him with reference to it?—A. With reference to that letter?

Q. Yes, with reference to the subject matter of the letter?—A. I assumed that I did on different occasions as I got along with the work. Excuse me, Mr. Foster, is it the 25th July you said?

Q. Yes, the 25th July?—A. Thank you.

Q. The first bill that you rendered to the department was for services up to the 30th November, was it not?—A. That is my recollection, yes.

Q. That bill as rendered contains these items (reads):

Services.. . . .	256 days.
Per diem allowances.. . . .	83 days at \$5.00
For subsistence.. . . .	124½ " 4.00
	55 " 3.00

Now how do you reconcile the basis of that bill with what you said was your intention in the letter?—A. Subsequently I received verbal instructions of a different import.

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Q. What were those verbal instructions and from whom received?—A. My recollection is from the deputy minister.

Q. You received verbal instructions from the deputy minister, Mr. Gourdeau?—A. That is my recollection, from the deputy.

Q. And it was from a responsible officer of the department?—A. From a responsible officer of the department.

Q. And what were these verbal instructions?—A. That instead of charging the actual expenditures incurred in detail I was to charge a per diem allowance for the different classes of men, as per those three rates.

SEVERAL HONOURABLE MEMBERS.—We did not hear the answer.

The WITNESS.—That instead of charging in detail the actual expenditures, I was to charge a per diem allowance of three, four and five dollars per day for men on the staff of different grades.

Q. Did you settle with the deputy minister how those were to be graded, that is for what class of men you were to charge \$5, for what class \$4, and for what class \$3?—A. I think so.

Q. Was that graded according to appetite?—A. I don't know.

Q. Capacity?—A. I don't know.

*By Hon. Mr. Brodeur:*

Q. From whom did you get those instructions?—A. From my best recollection, from the deputy minister.

*By Hon. Mr. Foster:*

Q. Were you in Ottawa when you received those instruction?—A. Yes, Mr. Foster.

Q. About what time would that be?—A. I would say it was approximately the date of that first account.

Q. 30th November?—A. I would think so.

Q. Did you press for that?—A. For that per diem allowance?

Q. Yes?—A. No.

Q. Was it offered to you?—A. Yes, sir.

Q. Free gratis for nothing?—A. Free gratis for nothing.

Q. How did it come about?—A. Just simply that in preparing my account I was instructed to prepare it on that basis.

Q. You were preparing your account here in Ottawa?—A. I was either preparing it or discussing it.

Q. With Mr. Gourdeau?—A. Yes.

Q. And in doing so that day he said to you that it would be better to make a per diem allowance than to bother with actual expenses, vouchers, and so forth?—A. Yes.

Q. And he agreed with you as to the per diem allowance?—A. As to the per diem allowance, yes.

Q. Therefore, you made up your bill on that basis?—A. Yes.

Q. And received on the first account of \$9,445.24, an advance of \$5,000, did you not?—A. That is my recollection, yes.

Q. And afterwards \$4,445.24? When did you give your second account in?—A. I could not state positively.

Q. You would know if you had your notes here, you would know those dates, I suppose?—A. Yes, but I think the files probably will indicate; the correspondence files I am alluding to.

Q. The correspondence files do not tell that?

Hon. Mr. BRODEUR.—Here are the accounts.

The WITNESS.—That won't indicate the day they were actually submitted.



Hon. Mr. FOSTER.—I find nothing on the file as to the first account. I do with reference to some of them.

*By the Chairman:*

Q. You must have rendered the accounts to the department from month to month?—A. Exactly.

Q. They must be on the file?—A. The question, as I understand it, is just what date did I render those accounts.

*By Hon. Mr. Foster:*

Q. At any rate you got on your first account an advance of \$5,000 and then a cheque for \$4,445.24?—A. I got two payments on this account, one of \$5,000 and one of \$4,445.

Q. Which made up the amount of that account?—A. Made up the amount of the account, yes.

Q. Did you understand when that payment was made to you that there was to be a holding back of payments to you in view of a readjustment?—A. No.

Q. You did not?—A. No, I did not.

Q. At any subsequent time did you have such information given you?—A. Not prior to last December.

Q. Not prior to December, 1907? Would you be likely to send in your account for December before the last day of that month?—A. No.

Q. You could positively state that you did not, could you not?—A. I could.

Q. It would be impossible for you to make it out?—A. Impossible because we required our record of the actual hours.

Q. Your account for December could not have been sent in until the month had elapsed?—A. No, but at the same time there were twelve days' services of a considerable number of the staff.

Q. But, of course, you did not give in your bills oftener than monthly?—A. No.

Q. You did not tell me upon what basis you graded those per diem allowances for subsistence?—A. Broadly speaking, the idea was that the heads of the firm who might be here for a very short period simply on consultation work, for perhaps a day or two days, were to get the \$5 per diem allowance.

Q. And for the \$4 men?—A. That was largely the idea of the more responsible of the staff engaged and those whose duties would call them—whose work would take them—travelling from point to point instead of remaining permanently for a considerable length of time in the city.

Q. And your \$3 men?—A. That was just a balance.

Q. Did you have any agreement with the minister that you were to charge for services at the schedule rates for time taken up in travelling by your staff?—A. I do not know whether that question came up or not.

Q. Just try and recollect?—A. I do not think it did prior to the rendering of our first account, and then our account itself showed on the face of it.

Q. When you rendered your first account then, you rendered for services of what portion of the travelling time of your men?—A. Half time.

Q. You charged half time?—A. Half time during business hours.

Q. That is if a New York man started from New York and travelled to Ottawa, starting there, we will say, in the evening and arriving here the next day about noon?—A. Yes.

Q. What amount of that time would you charge at the schedule rate for services?—A. The time, half time, elapsing between the hours of nine in the morning and five in the afternoon, with the exception of one hour in the middle of the day.

Q. Now suppose he started in the morning from New York and got here the next night, what would you allow him?—A. Half time between the hours of nine o'clock in the morning and five o'clock in the afternoon, with the exception of one hour in the middle of the day.

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Q. And in each case full travelling expenses?—A. In each case his full travelling expenses, that is actual transportation.

Q. As a matter of fact, they would all travel in the daytime, wouldn't they?—A. No.

Q. If they wanted to make money they would?—A. As a matter of fact, it is almost the invariable rule to travel at night.

Q. I suppose men travel easier in the night than in the daytime. When you rendered your first account you showed there that you were charging half rates?—

A. I think to the best of my recollection the account does show that, doesn't it?

Q. In the computation it does. When you made out the account on that basis there was no discussion of the account between you and the deputy minister?—A. There was not.

Q. With reference to that particular charge?—A. I do not quite catch your question.

Q. You made out the first account to the 30th November on the basis of charging half the travelling time in working hours at a per diem rate of pay?—A. Yes.

Q. You showed that in the account and the subdivision of it?—A. Yes.

Q. Did the question then come up between you and the deputy minister?—A. No.

Q. Did the question come up between you and any officer of the department?—A. I was asked on what basis that time was figured out, how many hours per day, that was all.

Q. And you explained it?—A. I explained the extension and how the amount was extended.

*By Hon. Mr. Brodeur:*

Q. By whom were you asked that?—A. By the assistant accountant, that was just merely a matter of showing him how the extensions of the account were to be checked and figured.

*By Hon. Mr. Foster:*

Q. That matter was then explained by you and your bill was paid ultimately on that basis?—A. I received those two cheques.

Q. Which paid that first bill?—A. It covered that amount.

Q. And that was the basis of it. Did you make out the other bills on exactly the same basis as your first bill?—A. Exactly.

Q. And were they paid from time to time?—A. I cannot tell that without looking it up, whether I got anything subsequent to that payment except advances of even amounts.

Q. Did you receive payments from time to time after that?—A. Yes, I received sums from time to time after that.

Q. In every case you made up your bill on the basis you have explained here?—A. Yes.

Q. And was there any further kick. Well there was no kick the first time, it seems. But was there no kick to your bills made up on that basis?—A. Not until last December.

Q. Not until December, 1907?—A. No.

Q. Did you see the minister after you put in and received payment for your first bill?—A. I have no doubt, I saw the minister frequently.

Q. In no case did you have any conversation with him in reference to your pay or to the pay of your staff?—A. I think nothing further than the statement on my part that I was charging regular rates that were charged to other clients for similar work.

Q. For both your services and the disbursements?—A. Disbursements? The question of disbursements, to the best of my recollection, never came up.

Q. Between you and the minister?—A. Never.

Q. But that you were charging at the regular rates that you charged others?—A. Charging for services, yes.

Q. You did not make that include subsistence and transportation?—A. No.

Q. When did you see the minister, or about what time did you see the minister last before he went away? He went away, I think, in April, about the 2nd or 3rd of April, wasn't it—did you see the minister previous to his going away, a short time before he went away?—A. I think not, with the exception that I one day met the minister in the hall, he just passed, to the best of my recollection, I was waiting to see him, but he had been called out.

Q. You had no conversation with him then in reference to your accounts?—A. I think not.

Q. Are you pretty sure of that?—A. Pretty sure.

Q. But you are not absolutely positive?—A. No, I would not swear positively.

Q. What amount of money is still due for your services on your basis of bill making?—A. To the best of my recollection about \$6,800.

Q. The cheques show when you received your last payment? Were you at any time asked for a fuller statement with reference to these accounts that you rendered?—A. I may possibly have been; if I was it will show by the difference in the preparation of the earlier accounts and the later ones; I am under the impression that there are some fuller details in the later accounts.

Q. A letter was written on the 12th of April, 1907; it reads as follows:—

'Dear Sir,—In connection with the auditing and installation of the new set of books for the department, the acting minister wishes to know exactly when the work shall terminate.

'I have, therefore, to request you to kindly prepare a statement, giving the names of those who are employed on that work, and the rate each one is receiving; also stating how long the work will continue. Please furnish me with this information as soon as possible.

Yours faithfully,

(Sgd.) F. GOURDEAU.

KENNETH FALCONER, Esq.,  
Dept. Marine and Fisheries,  
Ottawa.'

Do you remember making any reply to that?

Mr. HUGHES (P.E.I.)—Who wrote that letter?

Hon. Mr. FOSTER.—It was written by the deputy minister, Mr. Gourdeau.

A. Yes, I think I made a written reply to that.

Q. As a matter of fact, when did your services terminate?—A. I could not fix the exact date without looking up my records.

Q. On the 19th December, 1907, you were written to by Mr. Gourdeau, deputy minister of the Department of Marine and Fisheries, for the following information (reads):—

'It is also necessary that you should furnish the department with receipts from each accountant for the amounts actually paid by him and to state if the rate per day paid by you to each employee is the same as that which appears opposite their names in the pay lists rendered by you.

'Accounts and vouchers should also be rendered by yourself, as well as by the accountants employed, for board and living expenses, while living in Ottawa from the parties with whom they live, and a statement showing the salary en route separate from the amount paid for railway transportation. This is required in accordance with sections 45 and 57 of the Audit Act.'

It appears from the correspondence that the Auditor General had raised objections and I suppose this request for information followed. Did you ever comply with it?—A. Partially.



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Q. To what extent?—A. I did not comply with it as regards vouchers for board and living expenses.

Q. Did you as to the other points?—A. The other points I think I answered verbally.

Q. Verbally?—A. I think so.

Q. To whom?—A. Who is the letter signed by?

Q. The deputy minister?—A. I think to the deputy.

Q. What was your verbal answer?—A. My verbal answer? That the salary per day, the original charge for each of the men who were working on this job as charged by me against the department was most certainly not the exact salary that I was paying those men. I also answered verbally that to the best of my recollection the per diem allowance charged the government was the exact amount I allowed the men.

Q. What was that last?—A. That the per diem living allowance charged was exactly the same amount as allowed the different men.

Q. And did you give the vouchers and so on?—A. No, sir.

Q. When you rendered an account for a number of men, for instance in your first account, you charged for the services of nineteen men for a certain number of days, it is regulated, as I take it from the accounts, at seven hours to a day's work?—A. Seven hours to a day's work.

Q. What method did you take to make sure that those men had given that number of hours' services in each case?—A. Each of those men kept a time sheet which was turned in to whoever was in charge of the different details of the work each week, the account being made up from that and the time sheet indicating just how many hours were spent on the work.

Q. The most of this work was done where?—A. In Ottawa.

Q. Did you find yourself a room in Ottawa?—A. For work?

Q. Yes?—A. No, there was a room assigned to us in the departmental building.

Q. And you had your men there?—A. Yes.

Q. And the tab that you had on the correctness of the work as to hours and consequent days was in each individual case dependent upon the man himself?—A. No, it was made up by the man himself and approved by the chief clerk in charge.

Q. There was a chief clerk in charge of the work?—A. Yes.

Q. That is you have your own man there doing work but at the same time charged with supervising?—A. No, not supervising, he was practically a chief clerk doing the work.

Q. He was a timekeeper so to speak?—A. Well, yes.

Q. That was your own man?—A. Yes, that was a member of our own staff.

Q. He wanted to make sure that you got the work and so he kept tab on each man's regular day's work?—A. Exactly.

Q. Therefore, of course, he would be in the same office with him and see that he came in at certain times and worked a certain number of hours?—A. Exactly.

Q. And he would certify on that time sheet that it was correct?—A. He would initial those time sheets before they were returned to the office for the preparation of the accounts.

Q. This was your own officer?—A. Yes.

Q. Who certified to his work?—A. Himself, he made up his own.

Q. And was there no certification or supervision by any officer of the department?—A. Not to my knowledge. I am not stating that there was not, Mr. Foster.

Q. Not to your knowledge, you don't know of any?—A. I don't know of any.

Q. Then the certificate as to day's work and the services per diem based on that was the certificate of your own man?—A. Of mine.

Q. How many hours, as a matter of fact, did these men work, seven or more than seven?—A. Broadly speaking, as a general rule, seven.

Q. A man, however, could under this arrangement work for fourteen hours if he wished, could he not?—A. Occasionally, yes.

Q. And make two days' pay?—A. Yes.

Q. There was no bar upon that?—A. There was a bar to this extent: there were one or two cases when work was done and it was necessary to have a pass into the building to do that work.

SEVERAL HON. MEMBERS.—Speak a little louder.

The WITNESS.—It was necessary to have a pass to get into the office to do that work.

*By Hon. Mr. Foster:*

Q. As a matter of fact that was sometimes done?—A. Very infrequently.

Q. Very infrequently?—A. Yes.

Q. Your idea being that seven hours' good work was enough for a man?—A. Exactly, seven hours.

Q. And that it would not be profitable to push him beyond that?—A. It would not be.

Q. But naturally that rule might sometimes be disregarded and a man allowed to do overtime?—A. As I say very infrequently, and it would not be in each individual man's judgment as to whether or not he should do it.

Q. That would depend upon the foreman or supervising clerk?—A. Yes.

Q. You have charged for transportation in the first bill \$599.35. That is not certified by you. How do you make up your accounts for transportation?—A. On a similar principle to how we keep track of a man's time.

Q. Well in the first account you have twelve men travelling from New York, or other points, how would you keep tab on them?—A. May I see the account?

Q. Certainly?—A. (After examining account.) We know where the men are going. I personally know when a man is travelling when he is working for me, and I accept his statement as to railway rates, &c.

Q. W. B. Richards charges here \$67.10 for transportation. He comes from New York does he not?—A. Yes.

Q. I can't tell, can you, as to whether that takes in one passage, two passages or more?—A. The details are, I think, attached to the original account, the details of the transportation.

Q. Not in this case, but in the other cases they are?—A. Not to the original?

Q. Not for the first account, they seem to be lacking there, but in the other cases they are and the details would show the different times of travel and the number of hours for the regulation day, the hotel bills and the Pullman?—A. The details would show the points, to and from, which he has travelled.

Q. Yes, there is the divisions of the railroad fare and the Pullman fare?—A. Yes.

Q. Now, Mr. Falconer, I will read over the names of your employees. W. B. Richards received \$75 per day, is he from New York?—A. Yes.

Q. J. N. Gunn, \$75 per day, where is he from?—A. New York.

Q. W. F. Russell, \$50 per day, where from?—A. New York.

Q. Geo. E. Fawcett, \$50 per day?—A. New York.

Q. Kenneth Falconer, \$40 per day?—A. Montreal.

Q. L. R. Acton, \$30 per day; where is he from?—A. At that time, I do not know.

Q. F. H. Leland, \$30 per day?—A. Attached to the New York office.

Q. George Pare, \$25 per day; where from?—A. Montreal.

Q. M. L. Cooley, \$25; where from?—A. At that time attached to the New York office.

Q. H. A. Marvin, \$20 per day?—A. The same as Cooley.

Q. S. Kettridge, \$15 per day; is that New York?—A. I am just thinking which office he was attached to at that time.

Q. I see, his travelling expenses are from New York?—A. Very possibly.

Q. J. J. Moorman, \$15 per day?—A. I do not know where Moorman came from.

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Q. A. B. Murray, \$15 per day?—A. New York.

Q. L. D. Cone, \$15 per day?—A. He was attached to one of our branch offices, I think Chicago.

Q. Then he was from the United States? M. V. Finucane, \$3.50 per day?—A. That is stenographer service in the New York office.

Q. E. McGivney, \$3.50?—A. Same thing.

Q. E. C. Moulton, \$3.50 per day?—A. Montreal.

Q. J. Meikle, \$3.50 per day?—A. Don't know.

Q. S. E. Burton, \$3.50 per day?—A. It is impossible for me to say with regard to these latter ones.

Q. A. T. Doud, \$15 per day?—A. New York office.

Q. L. K. Lyden, \$3.50 per day?—A. One of our branch offices, I do not know which.

Q. New York or Chicago?—A. Or Boston.

Q. F. B. Whittet, \$15 per day?—A. Montreal.

Q. H. H. Petze, \$15 per day?—A. Either our New York or Boston branch office.

Q. H. Hipwell, \$15 per day?—A. New York office.

Q. J. R. Ellis, \$15 per day?—A. New York office I think.

Q. Now, Mr. Falconer, these made up your staff, the great majority of them are from the United States, mostly from New York?—A. Well.

Q. Acton, you yourself don't know?—A. Yes, but Mr. Foster—

Q. I think the charges for travelling show that Acton came from New York, and Moorman you do not know as to where he came from?—A. No.

Q. Now, Mr. Falconer, will you tell me what, out of the moneys you received from the department, you actually paid to each one of these men, taking, for instance, Mr. Richards first?—A. Per diem allowance?

Q. Yes?—A. Per diem allowance or the rate per day for services.

Q. The per diem allowance?—A. Exactly what our charge is.

Q. \$75 per day?—A. No, I mean subsistence.

Q. I mean for services?—A. It is impossible for me to tell you the salaries of a great many of that staff.

Q. You received a certain amount of money from the department, didn't you?—A. I did.

Q. You paid out that money to these men?—A. No.

Q. How much did you pay to Mr. Richards, first with reference to his daily service, how much per day for his seven hours' work?—A. I do not know the salaries of Mr. Richards or the other members of that staff.

Q. Did you receive the moneys from this department?—A. Yes.

Q. Did you pay them out?—A. Yes.

Q. How much did you pay to Mr. Richards?—A. Nothing to Mr. Richards personally.

Q. You paid nothing to Mr. Richards personally?—A. Nothing to Mr. Richards personally.

Q. To whom did you pay for Mr. Richards' services?—A. Gunn, Richards & Co. were the firm or company, and the money was deposited to their credit.

Q. How much of that money went to Mr. Richards?—A. It is impossible for me to tell.

*By Hon. Mr. Brodeur:*

Q. The money was deposited to the credit of the Canadian company?—A. Deposited to the credit of the Canadian company.

*By Hon. Mr. Foster:*

Q. You can tell if you have your books here?—A. No, I can't tell because the money was used for the maintenance of the two companies, I do not know the salary list of these men.



Q. Then you do not know the salary of Mr. Richards?—A. I do not.

Q. Of Mr. Gunn?—A. No

Q. Mr. Russell.

Mr. MACLEAN (Lunenburg) raised the objection that unless Mr. Falconer was willing to give the information himself it was not fair to ask him what amount he was paying these men. The firm must pay less than it charged the government, otherwise there would be no profit in the transaction.

*By Hon. Mr. Foster:*

Q. I want to know how much was paid to Mr. Gunn for each day's service that he rendered?—A. I have no idea, Mr. Foster.

Q. What was paid to W. F. Russell?—A. I have no idea

Q. What was paid to Geo. E. Fawcett?—A. I have no idea.

Q. What was paid to K. Falconer?—A. I have my own salary and interest in the business.

*By Mr. Maclean (Lunenburg):*

Q. They are all salaried men?—A. They are all salaried men.

*By Hon. Mr. Foster:*

Q. How much do you receive?—A. I receive my salary and my proportion of the profits of the business from year to year.

Q. What is your salary?—A. \$2,500.

*By Hon. Mr. Brodeur:*

Q. And you get your share of the profits?—A. And a share of the profits of the Canadian company.

*By Hon. Mr. Foster:*

Q. What amount did L. R. Acton receive?—A. I don't know.

Q. Is he a salaried man?—A. They are all salaried men with the exception of Richards, Gunn, and myself.

Q. What is the amount of L. R. Acton's salary?—A. I don't know.

Q. F. H. Leland?—A. I don't know.

Q. George Paré? He is in your own office, one of your own men, how much do you pay him a year?—A. Paré was associated with me in this on a per diem basis.

Q. How much?—A. \$20 per day.

Q. How long did that association last?—A. Off and on for an indefinite period, perhaps a year, perhaps more.

Q. He gets \$20 for every day's work he does for you?—A. For a day's work.

Q. And M. L. Cooley?—A. I have no idea of his salary.

Q. H. A. Marvin?—A. I have no idea of his salary.

Q. S. Kettridge?—A. I have no idea of his salary.

Q. J. J. Moorman?—A. I don't know his salary.

Q. A. B. Murray?—A. I don't know his salary.

Q. L. D. Cone?—A. I don't know.

Q. M. V. Finucane?—A. I don't know.

Q. E. McGivney?—A. I don't know.

Q. E. C. Moulton?—A. \$55 a month.

Q. J. Meikle?—A. I don't know.

Q. S. E. Burton?—A. I don't know.

Q. A. T. Doud?—A. I don't know.

Q. L. K. Lyden?—A. I don't know.

Q. F. B. Whittet?—A. \$1,000 a year.

Q. H. H. Petze?—A. I don't know.

Q. H. Hipwell?—A. I don't know.

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Q. S. E. Burton?—A. I don't know.

Q. Can you think of any others that you had employed? I think that finishes the list with the exception of Joseph R. Ellis?—A. I don't know his salary.

Q. Is he a United States man? I imagine he is as his fare is from New York?—A. I think so.

*By Mr. Bennett:*

Q. Is Mr. Williams a law partner of your brother's?—A. I think he is.

Q. You are not sure?—A. I am not sure whether he is now or not.

*By Hon. Mr. Foster:*

Q. When you come next time will you bring your notes, books and the like of that and particularly look up the matter of this incorporation, as to the time that it took place, as there are a good many questions you could not answer because you had not your books and papers here, and also try and refresh your memory as to what salaries these people received?—A. I know absolutely nothing, I never did know anything about the salaries these people are receiving.

Q. Who would know?—A. I presume Mr. Gunn or Mr. Richards.

*By Mr. Bennett:*

Q. In your bill a part of your time is put in at Sorel, I see. Will you make a note so that when you come again you will be able to tell us what work you were engaged in at Sorel and whether it was in connection with the alleged defalcation there?—A. I do not need to consult my notes for that.

Q. Were you specially enjoined by the minister to go into the question of defalcation at Sorel, to go into the question of the padded lists there?—A. Never.

Q. You heard nothing at all of that?—A. Never. The work I did at Sorel was absolutely and altogether in connection with the 'cost' accounting in the shops.

Q. You did not hear of \$150,000 padding in the lists at Sorel?—A. I did not.

Hon. Mr. FOSTER.—I want Mr. Falconer to bring his books and everything in connection with this matter at the next meeting, we do not want to simply have the answer that he has not his notes and hasn't his books, I want him to bring all his papers so that we will be able to look into this thoroughly.

THE CHAIRMAN.—Everything relating to this business?

Committee adjourned.

## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

OTTAWA, Wednesday, March 18, 1908.

The Committee met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding, and proceeded to the further consideration of the payment of \$31,235.35 to Kenneth Falconer, pages P—77 and 78, Report of the Auditor General, for the fiscal year ending March 31, 1907.

KENNETH FALCONER, recalled.

*By Hon. Mr. Foster:*

Q. I see that you charged up to the government two stenographers at the rate of \$9.50 per week. What authority had you for that?—A. I think my general instructions to carry out the work.

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Q. The letter does not mention anything of that kind ?—A. These were employees of my own.

Q. (reads.) 'My charges for services rendered will be based on the regular schedule of rates for different members of my staff, and in addition the hotel and transportation expenses incurred in connection with the work.' The minister initialed that; it is stated here in evidence that that was the contract. Now you have charged, and have been paid right along, for two stenographers at the rate of \$9.50 per week.

Mr. MACLEAN (Lunenburg).—That would come within the contract surely.

Hon. Mr. FOSTER.—I do not see that it would—the office expenses of Mr. Falconer come within the contract.—A. These are members of my staff employed up here.

Q. Members of your staff ?—A. Employed up here.

Q. 'Will be based on the regular schedule of rates,' you call stenographers members of your staff ?—A. These two stenographers were members of my staff.

Q. And there was no question ever raised with reference to that by the department ?—A. None.

Q. What experience have you had as an accountant ?—A. Will you make that question more definite ?

Q. Well, it is a pretty fair question and you can answer it inclusively; what has been your experience as an accountant ?—A. Practically all my business experience since I went to work at all has been in connection with accounting.

Q. Where ?—A. Montreal chiefly.

Q. In what capacity ?—A. Starting ?

Q. Right up from the first, you are not a chartered accountant, you have charged very high rates of wages, and the committee would like to know now what you base those on ?—A. I base the rate that I charge for my services on the regular schedule of rates of my firm.

Q. That does not answer the question. My question is what has been your experience as an accountant ? In what capacities have you employed yourself as an accountant ?—A. Starting as office boy, general office assistant, book-keeper.

Q. In what year did you become book-keeper ?—A. Couldn't tell you—without looking it up, couldn't tell you.

Q. Somewhere near, about what time was it ?—A. That depends upon the definition of book-keeper.

Q. Well, you made your own definition, first you were office boy, then office assistant, and then you said you became book-keeper. About what year did you become book-keeper ?—A. Oh, approximately, 1885.

Q. In what establishment ?—A. I could not undertake to say which of my different employers I first served as book-keeper.

Q. Was it a large establishment ?—A. I think the answer to your previous question covers that.

Q. Principal book-keeper ?—A. That also I think is covered by the answer to the previous question.

Q. You have no definite idea with reference to any of these ?

*By Mr. Maclean (Lunenburg):*

Q. Mr. Falconer, surely you know somebody you were book-keeper for, you can tell us that ?—A. Yes, but Mr. Foster is asking me the first place in which I was book-keeper.

*By Hon. Mr. Foster:*

Q. Coming down now to one you do recollect, after you had passed the other stages, all meritorious in their way, of course ?—A. You want the names of the firms I have served in that capacity ?

Q. Yes, coming down to the period when your recollection serves you ?—A. Has that any bearing on the question under consideration ?



## APPENDIX No. 1

Q. I think so. I have asked you if you are a member of the chartered accountants? You said you were not. The chartered accountants have a certain rate of pay in Montreal, you have charged about double their rate of pay. You have done it I suppose on an estimate of your services, and the committee would like to know what training you have had, what experience you have had?—A. My services on which my charge was based were——

Q. I know, we have had that answer before, that is not the question I am asking you now?—A. What is your question, Mr. Foster?

Q. Coming down to the first time when your recollection serves you, as occupying an accountant's position in a business establishment as book-keeper?—A. Without answering that question may I make one remark.

Q. Well?—A. That my charge was not based on my services as accountant and book-keeper.

Q. That is not at all the question I am asking you. Now, there should be no difficulty at all; you have a very good memory, I think, and there should be no difficulty at all in answering that question.

*By Mr. Maclean (Lunenburg):*

Q. Mr. Falconer, there must surely be somebody you worked for that you can give from memory?—A. That is all right enough, but they are trying to criticize my prices.

Q. It does not matter what they criticize. Mr. Foster has asked a question, and surely you can give an answer somehow or other without wasting too much time.—A. Charles Morton & Co., Montreal.

*By Hon. Mr. Foster:*

Q. When was your service with them, during what period?—A. I think 85-88.

Q. What business had they?—A. Wholesale dry goods.

Q. A large business firm?—A. What do you mean by large?

Q. Oh, well, an important business firm doing a large business—it may be a corner grocery?—A. At that time it was one of the prominent firms in Montreal.

Q. In what line?—A. I have already answered that—wholesale dry goods.

Q. What position had you with Morton & Co.?—A. Bookkeeper.

Q. Head bookkeeper?—A. No, assistant at first.

Q. You were assistant at first, and then what?—A. Head bookkeeper.

Q. When did you become head bookkeeper?—A. I could not tell you.

Q. Can't you tell about what time?—A. Somewhere between '85 and '88.

Q. How long were you in the service of Morton & Co.?—A. Approximately three years.

Q. From 1885 to 1888?—A. Approximately.

Q. Then, you were not long head bookkeeper there?—A. About half of that time, I think.

Q. Then, where did you go, that would be in 1888?—A. I think my dates are wrong, Mr. Foster.

Q. Well, put them right, the time is your own?—A. Well, that is twenty years ago, and I really cannot remember the exact dates of changing my employment.

Q. To whom did you go after leaving Morton & Co., with whom you remained about three years?—A. May I have a moment?

Q. Yes, two of them.

Mr. MACLEAN (Lunenburg).—Oh, give the names of people you were employed with?—A. I can give the names, but I can't tell the exact dates that I changed from one to the other.

*By Hon. Mr. Brodeur:*

Q. Give to the best of your memory?—A. I think, Perry Bros.

*By Hon. Mr. Foster:*

Q. What was their business?—A. General store.

Q. A general store?—A. Yes.

Q. A large business, was it?—A. Yes, a large business, in my sense of the word 'large.'

Q. Wholesale or retail?—A. Retail.

Q. What position did you occupy with them?—A. Bookkeeper.

Q. First?—A. Bookkeeper.

Q. How many bookkeepers had they?—A. One.

Q. How long did you remain there?—A. Approximately three years.

Q. To whom did you go then?—A. To the Royal Electric Company.

Q. In what position were you there?—A. Member of their accounting staff, no official title.

Q. Member of the accounting staff?—A. Yes.

Q. No official capacity?—A. No.

Q. Employed daily—regularly?—A. Regularly, yes.

Q. Paid a salary by the year?—A. Salary by the month.

Q. And regularly employed?—A. Yes.

Q. How many had they in their staff?—A. I could not undertake to say.

Q. Were they many?—A. Yes, I should imagine, in that branch of the office, about forty.

Q. About forty?—A. Yes.

Q. What position did you occupy amongst them?—A. I have answered that, Mr. Foster.

Q. Just a member?—A. Yes.

Q. How long did you remain with the Royal Electric?—A. I think something over two years, perhaps three.

Q. Where did you go next?—A. Robert Mitchell Company.

Q. What is their business?—A. Brass manufacturers.

Q. Brass manufacturers—in a large way?—A. Yes, in a large way.

Q. What position did you occupy there?—A. When I first went?

Q. Yes.—A. Charge of their cost department.

Q. Was there any change in your position while with them?—A. Several.

Q. What steps did you take?—A. I took entire charge of their factory office, their factory accounting and all their records pertaining to their manufacturing business. At the same time I was engaged in other work.

Q. With that firm?—A. No.

Q. That did not take all your time?—A. Not the latter part of the period that I spent with them.

Q. You had outside work?—A. Outside work.

Q. Of what nature?—A. In connection with 'cost' work and the reorganization of factories, and editorial work for a number of magazines.

Q. An editor, eh?—A. Yes.

Q. That is a perilous position to take?—A. Sometimes.

Q. How many years did you remain there?—A. Where?

Q. With the Robert Mitchell Company?—A. I will have to think of that for a moment—I remained on their salary list for something like five years.

Q. What do you mean by 'remaining on their salary list'?—A. The latter part of that time I was on their salary list a large part of my time, or a certain part of my time was my own for other work.

Q. Were you being paid by the year, or how?—A. By the year.

Q. Then where did you go?—A. Gunn, Richards & Co.

Q. What year did you go there?—A. 1904.

Q. Where did you serve them, in New York or Montreal?—A. Montreal.

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Q. And you have been with them since ?—A. Been with them since.

Q. In what capacity with Gunn, Richards & Company, the same capacity as you are now ?—A. First, as Canadian representative of their company.

Q. Yes.—A. Later, in my present capacity.

Q. Then, these are the only places during the time we have been going over at which you have served or given your services ?—A. No, will you read the names I gave you ?

Q. Yes, Morton & Company, Perry Bros., The Royal Electric, Robert Mitchell Company, and Gunn, Richards & Company ?—A. Morton & Company was the first, eh ?

Q. Yes.—A. No, R. J. Tooke. Montreal.

Q. After Morton & Company ?—A. After Morton, yes.

*By Mr. Northrup :*

Q. Between the time you left Morton & Co., and went to Perry Bros. ?—A. Yes, I think that is right.

*By Hon. Mr. Foster :*

Q. What capacity were you in there ?—A. Bookkeeper.

Q. First bookkeeper ?—A. Only bookkeeper.

Q. Is there any other place that you remember ?—A. No, outside of certain—

Q. Yes, this outside business ?—A. Yes.

Q. How long were you at Tookes ?—A. Something over two years, I think.

Q. Did you have any difficulty with any of these firms? Your service does not seem to have been long at each, do you remember that ?—A. I do not think I have to answer that, do I ?

Q. Well, you need not unless you like.

The CHAIRMAN.—Unless there is objection to your competency.

A. That list covers a considerable period, I think some 22 or 23 years.

*By Hon. Mr. Foster :*

Q. That question arises out of the fact that you do not seem to have remained long in one place ; that may have been perfectly right, you may have been trying to better your own position. All that I wanted to ask you was whether you had any trouble at all with your employers that caused you to leave, that rendered your service shorter with them ?

Mr. MACLEAN (Lunenburg).—That is not a fair question.

WITNESS.—I do not think it is a fair question and I do not care to answer.

Hon. Mr. FOSTER.—I think it is a fair question.

The CHAIRMAN.—If you confine your question to the character of his work I do not see any objection to his answering that.

WITNESS.—How will you make that question, Mr. Foster ?

*By Hon. Mr. Foster :*

Q. I am only referring to your relation to your employers as regards the character of the work you did ?—A. I do not think even now that question is quite definite enough.

Mr. NORTHROP.—I submit that it is as definite, witness, as the dates you have given, you should not complain of indefiniteness.

Hon. Mr. BRODEUR.—Do you suppose a man can remember all the dates of everything that occurred in his life ?

WITNESS.—Twenty odd years are covered there.

*By Hon. Mr. Foster :*

Q. Did you ever make application to be admitted to the Chartered Accountants Association of Montreal ?—A. No.



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Q. Did you, or your company, pay the staff which was employed in the Marine and Fisheries Department?

Mr. MACLEAN (Lunenburg)—What do you mean by that?

*By Hon. Mr. Foster:*

Q. I want to know who employed the staff and who paid it. Mr. Falconer made a contract with the Marine and Fisheries Department and the question is, in the first place simply it was your contract with the Minister of Marine and Fisheries?—A. Yes.

Q. You employed the staff, didn't you?—A. I did not; I called in the services of Gunn, Richards & Co., my connections.

Q. Let us be clear on this, you made the contract in your own name?—A. I did.

Q. With the Marine and Fisheries Department?—A. Yes.

Q. Then in the contract you spoke of your staff and now you say that you called in the staff of Gunn, Richards & Co. I suppose the inference is that you did not employ the staff?—A. I did not employ all the staff.

Q. You make a reservation, you employed part of the staff?—A. I employed part of the staff.

Q. And part of the staff you did not employ?—A. Part of the staff I did not employ.

Q. You are speaking of yourself personally, are you, in that answer?—A. Yes.

Q. And not of your company?—A. What was the date—yes, myself personally.

Q. And did you employ the staff or get the staff from Gunn, Richards & Co. during the whole continuance of your contract with the department?—A. I do not quite understand that question, Mr. Foster.

Q. Well, that question is plain it seems to me. You commenced by employing your own staff, you say?—A. I did not say so.

Q. Well, we will have to go over that again. Did you employ the whole or any portion of the staff that worked on the business in the Marine and Fisheries Department?—A. I employed some members of that staff, yes.

Q. And with reference to the other members, what?—A. They are employees of my associates who I, at that time, was representing.

Q. Such associates being?—A. Gunn, Richards & Co.

Q. Of New York?—A. Of New York.

*By the Chairman:*

Q. Is that an incorporation or a partnership?—A. An incorporation.

*By Hon. Mr. Foster:*

Q. In the beginning?—A. Yes.

Q. Gunn, Richards & Co. are an incorporated body?—A. Yes.

Q. Incorporated in the United States?—A. Yes.

*By the Chairman:*

Q. And afterwards they were incorporated here under the same name, were they?  
Hon. Mr. FOSTER.—No, it is a different corporation here, I think.

*By Hon. Mr. Foster:*

Q. With reference to the part of the staff you employed I will read over the names of the staff and will you tell me those that you employed? (reads) 'W. B. Richards, J. H. Gunn, W. F. Russell, M. L. Cooley, Kenneth Falconer,' that was your own employee, I suppose?—A. If you like to put it that way, that was myself.

Q. 'M. V. Finucane, E. C. Moulton,'—A. My employee.

Q. What about Finucane?—A. Employee of Gunn, Richards & Co., New York.

Q. 'E. McGivney'—

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*By Mr. Maclean (Lunenburg):*

Q. What do you mean by saying that they were 'your employees' do you mean employed at the Montreal office?

Hon. Mr. FOSTER.—Yes, there was a part of this staff which he himself seems to have owned and paid.

Mr. MACLEAN.—I do not think that is so.

Hon. Mr. FOSTER.—He has sworn to it. We will go through and find out who are his employees. He has already stated that three of them are his employees.

WITNESS.—I have not said three of them were my employees.

*By Hon. Mr. Foster:*

Q. Two of them, then? Now, McGivney?—A. Before I go any further I should like to understand very clearly what you mean by 'in my employ.' If you mean engaged by me and absolutely responsible to me and to nobody else? Is that what you mean?

Q. That is what I mean?—A. All right.

Q. Now, what about McGivney?—A. No.

Q. F. H. Leland?—A. No.

Q. H. A. Marvin?—A. No.

Q. Is he from the United States?—A. What is that question, Mr. Foster?

Q. Was he from the United States?—A. He was in the employ of the American corporation and sent by them to assist.

Q. H. Hipwell?—A. The same thing.

Q. S. E. Burton?—A. I can cut this short---

Q. No, you can't, I want this information and I will get it through?—A. All right.

Q. What about Burton?

Mr. NORTHRUP.—You can cut it short by answering the questions?—A. Burton was not responsible to me alone.

Q. Was he from the United States?—A. He was an employee of the American corporation, I understand.

Q. J. R. Ellis?—A. Don't know, at least he was not responsible to or engaged by me.

Q. Was he in the employ of the American firm?—A. When he commenced work on this contract?

Q. At any time or all the time.—A. You mean all the time he worked on this contract?

Q. Any time?—A. He was an employee of the American corporation at the time he worked on this contract.

Q. That is what I wanted, now Meikle?—A. I don't know.

Q. You don't know whether he was your employee?—A. Have you got the rate charged?

Q. Yes, \$3.50 per day.—A. Probably a stenographer in the New York office—probably: he may possibly have been stenographer in one of the other branches.

Q. But in the United States?—A. Yes.

Q. H. J. Petze?—A. An employee of the New York corporation.

Q. L. K. Lyden?—A. The same thing, I presume. Now again I can't say I am familiar with the name.

Q. F. B. Whittet?—A. Montreal.

Q. H. G. Whittet?—A. Montreal.

Q. A. T. Doud?—A. There you have your answer, Mr. Foster, now, that is all connected with the Montreal office, the two Whittets, Moulton and myself; I offered you that information some time ago.

Q. I wanted that other information, too, all the others belong to the United States then. What about George Paré?—A. Pardon me, Mr. Foster, I apologize, he is from Montreal.

Q. He was your employee?—A. My employee, in the sense of being engaged by me alone and paid by me.

*Mr. Maclean (Lunenburg):*

Q. When you talk about yourself, do you mean yourself personally or the Canadian corporation?

Hon. Mr. FOSTER.—He himself is part of the corporation.

Mr. MACLEAN (Lunenburg).—He might have employed them for the corporation.

*By Hon. Mr. Foster:*

Q. Who employed them?—A. I employed them.

Hon. Mr. FOSTER.—The witness says he employed them.

Mr. MACLEAN (Lunenburg).—Don't try to be too tricky, Mr. Foster, that does not do.

*By Mr. Maclean (Lunenburg):*

Q. Who were these men working for?—A. Gunn, Richards & Co.

Q. Why don't you say so plainly?—A. I understood Mr. Foster was trying to find out who actually made these engagements.

Mr. MACLEAN (Lunenburg).—He is trying to make this as unfavourable as he can.

Hon. Mr. FOSTER.—That is entirely gratuitous and absolutely unfounded.

Mr. MACLEAN (Lunenburg).—It is gratuitous, I admit, but you are not trying to get out the facts of this case.

The WITNESS.—Mr. Chairman, may I say one word—I understood Mr. Foster's question as meaning who actually arranged with these different employees the terms of their engagement. I made the arrangement.

*By Hon. Mr. Foster:*

Q. And paid them?—A. They were paid by the corporation, the firm that I represent, in every instance. My understanding of your question was, who actually employed them and arranged the terms of their engagement, how much they were to be paid and the salaries they were to earn.

Q. Now your answer is in that light?—A. My answers were in that light altogether.

Q. Then these five men were employed by you and the terms arranged by you?—A. They were engaged by me.

Q. Yes, engaged by you.

*By Mr. Maclean (Lunenburg):*

Q. For Gunn, Richards & Co.?—A. For the corporation that I represent. The point I wanted to make is this—you raised the question who employed them, and I took that as meaning who arranged the terms of their engagement with my firms; they are all employees of Gunn, Richards & Co. Have I corrected that misunderstanding.

*By Hon. Mr. Foster:*

Q. Then we have it that all these employees were the employees of—?—A. Gunn, Richards & Co.

Q. Of Gunn, Richards & Co.?—A. Yes.

Q. The New York firm?—A. I could not say without looking up the exact date of the incorporation of the Canadian company and the dates of my engagements with these people.

Q. You made your engagement with the Department of Marine and Fisheries, when?—A. I think you have it before, haven't you?

Q. Well, you are the one to give evidence.

Mr. MACLEAN (Lunenburg).—You have gone over this ground before, Mr. Foster; it is not fair to the committee to waste time like this.



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*By Hon. Mr. Foster:*

Q. Well, according to the papers it was in July, 1906; the letter is dated July 25, 1906, the engagement was entered into between you, Kenneth Falconer, and the Department of Marine and Fisheries; that is correct?—A. That is correct.

Q. Was this Canadian company incorporated at that time?—A. No.

Q. It was not?—A. No, sir.

Q. When was it incorporated?—A. December 4, 1906.

Q. Your contract then commenced and your work commenced in July, 1906?—A. No, my work did not commence, I don't think, in July, 1906.

Q. Then, when did your work commence?—A. That again I can't tell you without looking up my records.

Q. Well, you have your records there? You were asked to bring them?—A. I was unable to bring the records.

Q. You must answer the requests of the committee?—A. The books and records of this company are kept in the head office, in the office of Gunn, Richards & Co., New York.

*By Mr. Taylor:*

Q. Are they two separate accounts?—A. Absolutely, two distinct sets of books kept together.

*By Mr. Boyce:*

Q. When were they sent there?

Question objected to as unfair by Mr. Maclean (Lunenburg).

Q. I am waiting for the answer of the witness?—A. I would like to find out if I have to answer questions asked by everybody in this room.

The CHAIRMAN.—By any member of the committee.

The WITNESS.—I do not know who are members of the committee.

The CHAIRMAN.—We will object if any who are not members ask questions. Have they been in your possession since you were subpoenaed? I suppose that is the question, is it not?—A. The books were sent down to New York somewhere between the first and the last day of May.

*By Mr. Boyce:*

Q. What year?—A. Last year.

Q. Have they been there ever since?—A. Ever since.

*By Mr. Maclean (Lunenburg):*

Q. And they are kept there?—A. Kept there absolutely distinct from the American corporation accounts.

Q. Why do you not try to make things a little more clear when answering a question? Are the books of the Canadian corporation kept in New York?—A. They are kept there.

Q. You do not keep books in Montreal?—A. There are no books kept in Montreal.

Q. How is the New York office advised as to the different transactions of the Canadian company?—A. Simply reports are sent from Montreal as to payments received and payments made.

Q. Your books were not sent from Montreal so as to evade production under this summons?—A. Absolutely, no.

*By Hon. Mr. Foster:*

Q. Well now, Mr. Falconer, we will go back to our questioning. You arranged with and employed Mr. Moulton, Mr. F. B. Whittet, Mr. H. G. Whittet and Mr. Paré?—A. Again, if you are using the word 'employ' in the sense I have spoken of, as engaging and arranging the terms of their contract, yes.

Q. What was your engagement with Mr. Moulton?—A. It is Miss Moulton, she is a stenographer in my office.

Q. It is Miss Moulton, eh?—A. Yes.

Q. She is a stenographer in your office?—A. Yes.

Q. At what salary?—A. I rather object to giving away private information regarding salaries paid to our employees.

Q. We have had that before, Mr. Falconer, in this committee, and we have thrashed that all out. We want to know what salary you paid Miss Moulton as stenographer?—A. The only answer I can give you is, that I decline to answer unless I have to.

Hon. Mr. FOSTER.—I would like witness to be instructed to answer the question.

The CHAIRMAN.—That is, the salary he pays, outside these accounts?

Hon. Mr. FOSTER.—No, the salaries he pays these employees. I will restrict my question to this: I want to know from Mr. Falconer what salary he was paying Miss Moulton while she was engaged upon this work for the department.

Mr. MACLEAN (Lunenburg).—I would not take any objection myself, and, possibly, no member of the committee would take objection; but as the witness himself has offered the objection, the question ought to be considered properly before you, Mr. Chairman, make a ruling. Here is a contract, and, although Mr. Foster says it is between Mr. Falconer and the government, really it is a contract between Gunn, Richards & Company and the Department of Marine and Fisheries to do certain work. This corporation employs certain men, they pay them a certain amount, and what they do is to sell their services, and this was a contract for the sale of the services of their staff for accounting and certain other things. Surely, the only question that concerns this committee, or the House, or the country, is the amount that the department paid for the work, it is not important as to what wages Gunn, Richards & Company paid their employees.

Hon. Mr. FOSTER.—It is the same thing as in the Merwin case.

Mr. MACLEAN (Lunenburg).—It is of no importance, I submit, what wages that corporation pays their employee, and, therefore, I say it is unfair to ask them, if they do not wish to give the information.

Mr. REID (Grenville) objected to members of the committee, as they did in the Merwin case, when the committee wanted to find out whether the government paid fair and reasonable charges for the work these people did, raising objections. The only way the committee could arrive at a conclusion was to find out what wages these people were paid by their employers. Then the committee could judge whether the department were charged too high a rate. The same argument had been offered in the Merwin case, but when it was learned what Mr. Merwin actually paid for the articles he sold to the government, it was shown, although the prices were certified by the departmental officers as fair and reasonable, that the government had been robbed. Every one admitted that Mr. Falconer's firm were entitled to a fair profit on the work done by their employees, but the committee wished to ascertain just what that profit actually was.

Hon. Mr. FOSTER.—I am willing to allow the Chairman to rule.

The CHAIRMAN.—It just depends upon what the committee thinks is the scope of the inquiry. I did not happen to be here when this question came up before. Of course, if you were only considering the contract between Mr. Falconer and the government, it would not be evidence. The contract here was to pay according to a schedule of prices. Then, upon that schedule of prices being shown, that would be the end of it. But if you want to go behind it and to show whether that schedule of prices is too high or not, certainly it is right to put the question.

Mr. REID (Grenville).—There was no price fixed.

The CHAIRMAN.—As Dr. Reid says, it is quite a common practice for employers to make a profit above the wages they actually pay their employees; builders, I know, do that regularly. This is one way of getting at it; but there is another way by

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which the same end may be attained, and that is by ascertaining what is a proper fee to be paid in this matter. I don't think it is a matter for the ruling of the Chair, but I think it is for the committee to say what the scope of this inquiry shall be.

Mr. NORTHROP contended that the committee was on an entirely different footing in respect to these accounts from what the Minister of Marine and Fisheries would be on in case Mr. Falconer came to him. Having made the contract the minister would be bound by the schedule of rates, and the whole question would turn on that under the contract. But the committee were charged with the responsibility of investigating a payment of nearly \$40,000 to Mr. Falconer, which had been referred to it by the House, and therefore they were entitled to inquire fully into all the circumstances connected with the payment.

The CHAIRMAN.—The only objection to that argument is, how far should you go into a man's private affairs.

Mr. NORTHROP.—We are entitled to show whether a man made a proper charge and whether the minister showed not only integrity but intelligence in making the bargain, so that we may be enabled to judge whether it was a proper bargain.

Mr. SINCLAIR.—There is this about it, that the minister would not have the information which it is now sought to obtain before him at the time he was making the bargain. It is quite improper for the minister to say, 'How much do you pay your employees?' and go into the private affairs of the contractor or to require him to disclose what it cost to run his business; all that the minister could possibly expect to know is, what are other people paying for these services. Hon. gentlemen were endeavouring to judge the minister's bargain by something that it would be impossible for the minister to know at the time he made it.

Mr. BLAIN.—I thought Mr. Foster's first question was rather too wide, but when he limited it to the point, 'What did Mr. Falconer pay his stenographer while working for the government,' it was a perfectly proper one and the witness should answer it.

The CHAIRMAN.—Or, in other words, he should say what profit he is making out of her services.

Hon. Mr. FOSTER.—This point was absolutely settled by this committee in the Merwin case. Mr. Merwin sold certain articles to the department at certain prices which were certified as fair and just by the officers of the department, and certain members of the committee took the notion that the prices were not fair and just. They went behind the agreement between Merwin and the government to buy these articles at the prices charged and having certain information that the articles in question cost very much less they probed the question to the bottom. Mr. Merwin objected to answering because he said it would expose his private affairs and after full and thorough discussion Mr. Merwin did answer, the committee getting out the facts which I think we all deplore, whether Liberals or Conservatives. Now, we want to know whether the services that have been rendered under this contract have been rendered at reasonable amounts. In the first instance we know that the chartered accountants of Montreal have a schedule of from \$20 to \$25 a day, as their maximum fees, and we are here charged \$75, \$50, \$40, \$30, \$25, \$20, and \$15 per day, and we want to know whether we have been paying more than the services were worth or not. That is, we want to know how much of a rakeoff there has been and if it is a reasonable rakeoff, and the committee can judge, if this question is answered, if the public have been done out of their money.

Mr. BOYCE.—In the Wallberg case there was a contract for the supply of five cranes at Lévis at \$5,400 apiece. The same objection was taken there that we could not go behind the contract, but we wanted to show that Mr. Wallberg did not supply those cranes except as a middleman.

Mr. REID (Grenville).—And steel girders, too.

Mr. BOYCE.—And also with regard to the steel girders, in every case there was an absolute contract with the government, but we went behind it on the ruling of the Chairman. In any case, in every contract there is a fair wage clause and we are en-



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titled to go behind the contract to find whether the contractor is living up to the law of the land with respect to the payment of a fair wage.

The CHAIRMAN.—I think my proper course is to leave it to the committee to say what the scope of the inquiry shall be.

Hon. Mr. FOSTER.—We must have a ruling from the Chair.

Mr. JOHNSTON.—I think the analogy between the cranes supplied at Lévis and the stenographer in the Montreal office of this firm has been so clearly established, I would suggest that the witness has no other course but to answer the question.

The CHAIRMAN.—I think it is a matter of the relevancy of the question and that it is a question for the committee to decide how far the inquiry ought to be carried. When it has done that I will give my ruling.

*By Hon. Mr. Foster :*

Q. I will ask the witness to answer that question ?—A. I decline to answer.

Hon. Mr. FOSTER.—Then I ask your ruling, Mr. Chairman.

The CHAIRMAN.—I will leave it to the committee as to whether he should answer it or not.

Mr. BARKER.—The procedure has been in all these cases that first the ruling is taken, and then the decision having been that the witness should answer the question, the Chairman is asked to direct the witness to answer, and upon his refusal he is brought before the bar of the House.

Mr. LENNOX.—I think that Mr. Johnston said he considered the question should be answered.

The CHAIRMAN.—If it is the opinion of the committee that the question is within the scope of the inquiry of course my ruling would be in accordance therewith.

Hon. Mr. FOSTER.—Then, will the Chairman direct the witness to answer the question?

The CHAIRMAN.—Unless the committee wish to take a vote on the question.

Mr. MACLEAN (Lunenburg).—I have no objection personally to the witness answering the question, but he has raised the objection. If my friend (Mr. Foster) were really anxious to get at anything that will interest the public in regard to these payments in any way, he would have been asking the witness different questions altogether. Mr. Chairman, I submit it is not fair, it is not logical, it is not decent nor half decent to ask a firm of auditors say, or whoever they may be, who are selling their services, who sold their services in this case to the Department of Marine and Fisheries, to come here and make public what wages they pay to all their employees. I say it is not important, it is not evidence in any sense whatever. The whole question is were the services worth the money they charged? Mr. Foster has not asked the witness during the whole morning a single question which would tend to show whether the services rendered were worth the amount charged. I repeat it is absolutely unimportant what these people pay their employees. The Merwin case is on an entirely different footing. In saying this I am speaking for myself and not on behalf of the employers, the witness or anybody else.

Mr. LENNOX.—I submit that the duty of the Chairman is to decide now whether the question is proper and whether it is to be answered.

The CHAIRMAN.—It is the duty of the Chairman to say what the scope of the inquiry is and how far this committee should go?

Mr. LENNOX.—The Chairman must rule on the point of order whether we have the right to ask that question or not. Any Chairman must assume the responsibility of saying whether a witness is to answer a question or not, and of course we have the right to appeal. I have no grounds to complain of what the Chairman has done now, but I want him to take the whole responsibility that he is entitled to take. He has had the advantage of having an expression of opinion from several members of the committee, and if the Chairman will rule now, we want to be sure we will get in the proper constitutional position in regard to the matter. Before putting the question to the committee the Chairman must rule one way or the other.

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The CHAIRMAN.—If the committee has laid down a rule in other cases, I am disposed to follow that ruling, that is all.

Mr. BLAIN.—I agree with Mr. Lennox, there is an important point involved in this, when the question is put to the witness and the witness refuses to answer it, it is the duty of the Chairman to say whether the question should be answered or not, otherwise the duties of the Chairman would cease and the committee would take charge of the actions of the committee.

The CHAIRMAN.—Has not the Chairman the right to take the opinion of the committee as to the scope of the inquiry?

Mr. BLAIN.—No, it is entirely different, because heretofore the Chairman has ruled and then the appeal to the committee has been afterwards.

The CHAIRMAN.—That is what I don't think fair about this. I understand that the committee has already ruled that this sort of evidence should be given in other cases. If that be so, I am going to follow the ruling of the committee.

Mr. BLAIN.—That is not my point. My point is that I do not think it is fair when a witness refuses to answer the question that the Chairman should put his responsibility over on the committee. That is my point.

The CHAIRMAN.—That is what I think ought to be done, but you say the committee has already done it in other cases and I am going to follow the precedent if a precedent has been established.

Mr. BLAIN.—It is an entirely new precedent that is being established here where the Chairman refuses to give a ruling.

The CHAIRMAN.—No, I do not do that.

Mr. BLAIN.—I want this understood that as far as I am concerned—do I understand the Chairman to say that he proposes to give a ruling without asking the committee first?

The CHAIRMAN.—If, as has been said, the rule has been laid down in other cases, I will follow it.

Mr. MACLEAN (Lunenburg).—Mr. Richards, who is the head of this concern, happens to be in the room, I happen to know him, and I have asked him if he has any objection to the witness answering this question and he says, no.

Mr. BOYCE.—I don't care whether he has or not. I want it to be distinctly understood that this committee is not dependent upon Mr. Richards or anybody else.

Hon. Mr. FOSTER.—No, but Mr. Maclean is.

Mr. MACLEAN (Lunenburg).—Mr. Richards, who is the head of this concern and it will always be the same year after year in respect to such questions. While I have intimated to the committee and through the committee to the witness so far as Mr. Richards is concerned he may answer the question, yet personally, I think it is not a fair question.

Mr. CHISHOLM.—It seems to me it is time that you, as Chairman, should establish some precedent in the matter. The gentlemen who have been urging this fact that because objections have been made as to the relevancy of a question in another case—

The CHAIRMAN.—What they say is, that the committee has decided that in other cases.

Mr. MACLEAN (Lunenburg).—That is not right.

Mr. CHISHOLM.—If this is a proper question, the Chairman should allow it, and if it is not a proper question the chairman should not allow it, irrespective of what the committee may have done in some previous year. I submit that this is decidedly an improper question. What this witness has been paying to his typewriters has nothing to do with the matter under the consideration of the committee. Supposing he has been getting their services for nothing, or supposing he has been paying them fancy figures, or paying this one more than he would pay the others, what has that to do with the case? I am only referring to this by way of illustration. Our point is, that the question to be considered is: Was the charge fair and reasonable, or did the government pay more than it should pay, and I sub-

mit you should decide the point on that principle, and not because the committee has done something wrong on some previous occasion, that you should follow the precedent.

*By the Chairman:*

Q. Have you any objection to answering Mr. Foster's question?—A. Notwithstanding what Mr. Maclean said just now, I do object.

Hon. Mr. FOSTER.—I haven't heard the ruling of the Chair.

The CHAIRMAN.—I was just going to ask whether the witness refused to answer.

WITNESS.—Notwithstanding what Mr. Maclean said just now, I still contend that the arrangement between the stenographer and myself as to her salary is my own private personal business, and I do not intend to tell this committee what I pay her, unless I have to.

Hon. Mr. FOSTER.—Now, then, Mr. Chairman, your course is plain.

The CHAIRMAN.—I think there is a great deal in what has been said; it is an important question, and if it were left to me, without any previous action of the committee, I would hesitate before ruling that the question be answered. I want to look into the matter to see what was done in past years.

Mr. NORTHROP.—Mr. Richards says he has no objection, then why does this witness object?

WITNESS.—As manager of the Canadian company, I object.

The CHAIRMAN.—This is not the only way of proving what ought to be paid. You could bring in evidence to show what the services are worth, outside the question of the amount of salary paid to their employees by the contractors. I think there is a good deal in that argument.

Mr. NORTHROP.—Why should this gentleman object, when Mr. Richards does not object? He is not the head of the firm; this gentleman can't be trusted with the books of the concern.

WITNESS.—I object to that statement, that I cannot be trusted with the books.

The CHAIRMAN.—I do not think that is proper, that is an insinuation.

Mr. NORTHROP.—I do not mean it in a dishonest sense, but this witness told us this morning that this Canadian company is not allowed to keep their own books.

WITNESS.—I did not say that we were not allowed to keep our books.

Mr. NORTHROP.—You did not say that, but you said that the books were not kept here, that they were kept in New York.

The WITNESS.—I simply said that they were not kept here; I did not say that we were not allowed to keep them, and I object to that statement.

Mr. LENNOX.—What we want now is the ruling of the Chair, the Chairman said he would give us a ruling.

Mr. ALCORN urged that in the Merwin case both sides had exhausted their ingenuity in arguing out the point at issue, and the result was Mr. Merwin had to answer the question, 'What did you pay for the articles in question.' The objection raised in that case was precisely the same as that raised to-day, that the amount paid for those articles was entirely the private business of the contractor, and that he should not be required to disclose his private business.

The CHAIRMAN.—What was the ruling of the committee, that is what I want to find out.

Mr. MACLEAN (Laurenburg).—The committee refused to order him to answer.

Mr. PARDEE.—There is this to be said about the case of Merwin, there was no ruling of the Chair that Mr. Merwin should answer. Mr. Merwin refused to answer, and the Chairman declined to direct him to do so, and Mr. Merwin himself came afterwards and consented to answer.

Hon. Mr. FOSTER.—There was a ruling and an appeal; and the committee then consented to go to the House.

Mr. PARDEE.—The question whether Mr. Falconer paid \$9.50 per week or \$7.50 per



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week to his stenographer does not amount to anything. The reason I raised the objection in the first place that I think it would be perfectly fair—the Chairman says he was not here when the previous rulings have been made, and has not heard the argument—I think it would be perfectly fair to him and to this committee on this question, small as it may be, if it were to lay down for good some absolute principle defining the lines upon which we are to go in regard to questions such as that now being asked, and whether or not, and if so how far, this committee is entitled to go into the absolutely private business of every individual who comes before this committee, whether he has a contract with the government or whether he has not. As I take it, the whole argument against putting such a question is that it can be proved by other methods and other means rather than out of the witness' own mouth, whether the government received a *quid pro quo* in the services performed for the money paid. Whether or not you are to take that out of the mouth of the witness, and make the witness swear as to what profits he got is, I think, something for the Chairman and the members of this committee to consider carefully, and therefore I think it would be perfectly fair to ask Mr. Foster to go on with some other line of examination and let the Chairman consider what his ruling will be. The committee will not be prejudiced, and the interests of the country will not be prejudiced by allowing the Chairman to consider what ruling he will give and then the committee can either accept or reject his ruling.

The CHAIRMAN.—This is an important matter, and it is not this case alone, but it is a question that will probably come up many times. I am not at all convinced in my own mind.

Mr. REID (Grenville).—How are we going to get at the middleman, if, as has been stated, when a man comes here with a contract with the government, under which a certain amount is being paid, we can't go any further back than that contract. The only way to find out what profit he has made is to find what he paid for the goods.

The CHAIRMAN.—That is one way, it is not the only way.

Mr. REID (Grenville).—It is the only way.

The CHAIRMAN.—It may be the best way, but it is not the only way. It is a question of directing a man to disclose his private business, and it is just a question of the best way of getting the information. I will allow the witness to consult with his principal as he has requested permission to do so.

Mr. BOYCE.—We did not like to see the Chairman or the committee taking that ground, that the Chairman would not decide the question until a consultation had been carried out between somebody who is at the head of the concern and the witness. Was the committee to be dependent upon the will even of the head of the concern. Had not the committee the right to investigate this payment entirely apart from the head of the concern interested.

The CHAIRMAN.—That will not affect my ruling one way or the other.

Hon. Mr. FOSTER.—This gentleman came before the minister and the government as Mr. Falconer and represented himself as having a staff to do the work, and what he has really done is to turn the contract he obtained over to a company incorporated afterwards, without having advised the department or without having been authorized by the department to do so. There was no distinct schedule of prices, it was a contract which was not upon a definite basis, and it was affirmed by some members of the committee that the prices charged are exorbitant. What the committee wanted to find out from this witness, as secretary of the company was whether the company paid the employees, or whether he paid them him-self, and what was paid by him for the services rendered on which he charged the department; just as in the Merwin case, the committee wanted to find out what Mr. Merwin paid for the goods which he afterwards handed over, at what some members of the committee claimed to be an inordinate profit. Unless they could go that far the committee could never get at the middleman, and what was proposed was to get at the middleman, and if they could not get at him in this committee they would get at him somewhere else. A man's private affairs must give way before the public interest, and when he undertakes to do busi-

ness with the government it is different from private business, and the committee had the right to look into his private business so far as it concerned the department, they had the right to go to the bottom of it in order to find out what profit he made, and the committee had a right to have a ruling from the Chair at once on that point. If there was to be an investigation into the public accounts at all it must be by the opposition, it would not be by the members of the government. Of the 186 papers called for this session by the Public Accounts Committee, not a single paper has been called for by a supporter of the government.

Mr. MACLEAN (Lunenburg).—Is it fair that Mr. Foster should occupy the time of this committee reciting the old, old story that he repeats almost every day the committee meets? I, for one protest against taking lessons in morals of any kind from Mr. Foster. He is not able to teach me morals.

Mr. HUGHES (Victoria and Haliburton).—The witness is addressing some remarks to the Chairman; I think the committee is entitled to know everything that transpires.

The CHAIRMAN.—Yes, the witness has asked to be allowed to say a word in reply to Mr. Foster and he will be permitted to do so.

Mr. NORTHRUP.—I think it is only just to say this in regard to our Chairman, that he, a short time ago, expressed himself as being desirous of hearing an expression of opinion from the committee as to the scope of the inquiry. It seems to me that is a perfectly reasonable thing for him to do. He is asked to make a ruling and it seems to me that it is a perfectly reasonable thing for him to say: here is a subject upon which I would like to have the views of the members of the committee so that, after hearing what the members of the committee have to say I may give my ruling. To speak with perfect fairness, I think that some members on my own side have not altogether understood the ruling in the Merwin case. I think the other day when we referred to the Merwin case in this committee the majority were wrong, but I think to-day that the minority are wrong and that the majority are right. I think Mr. Merwin refused to answer the question and the Chairman was directed to instruct him to do so, which he declined to do, an appeal was made to the committee which sustained the Chairman, therefore there was, up to that point, no contempt. It seems to me we will not gain anything by misunderstanding what took place. I do not think there is any justification for saying that the action of the committee in the Merwin case settled the point that is now before the Committee. In my humble judgment it does not touch the case at all.

Mr. MACLEAN (Lunenburg).—You had better make your friends apologize then.

Mr. BLAIN.—My point was this, that in the Merwin case the Chairman gave his decision before he consulted the committee. If we allow the Chairman to consult the committee before giving his ruling we will not have the Chairman standing between the opposition and the government in such questions as this. We expect him to give the opposition fair play because we are in the minority in this committee.

The CHAIRMAN.—You will perhaps assist me in determining what is the scope of this committee in regard to the matter. If you will allow me, my idea is this that this committee is absolutely unlimited in its powers as to what it is investigating and it is for this committee to say what is within the scope of the reference, and how far they should go.

Mr. BLAIN.—In the Merwin case it was decided to report the matter to the House, but before it could be reported Mr. Merwin came up and said, I am willing to tell you the prices.

The CHAIRMAN.—But the committee ruled that he was not required to answer the question.

Mr. BLAIN quoted the minutes of the committee to show that Mr. Merwin refused to answer the question as to what price he paid for the articles and that the Chairman, on being requested by a member of the committee to direct him to do so, ruled that a business man was not required to divulge his private affairs. The Chairman was then requested to direct the witness to answer and having declined to do so an appeal was taken from the ruling of the Chair, which, upon a vote was sustained by the

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committee. Then, upon the motion of Mr. Northrup, the matter was ordered to be reported to the House. But before the report reached the House, Mr. Merwin came to a subsequent meeting of the committee and gave the information.

The CHAIRMAN.—Is it not a case that the only precedent we have before us was one in which the committee said that the private affairs of a witness should not be investigated?

Hon. Mr. FOSTER.—What I want to get at is simply to get on with the business. We can't get a step further—

WITNESS.—I can save a whole lot of time right now.

The CHAIRMAN.—Let us hear what the witness has to say.

WITNESS.—Will you repeat your question, please, Mr. Foster?

Hon. Mr. FOSTER.—I want a ruling by the Chair, and if the witness is willing to answer, all right; if he is not willing to answer, we will have to see what we will do, I suppose.

*By Hon. Mr. Foster:*

Q. My question was this: What salary were you paying your stenographer, Miss Moulton, during the time this work was being done for the Department of Marine and Fisheries?—A. I answered that, I think, on my last appearance here, that Miss Moulton's salary was \$55 per month, and it is here on the record of the evidence.

An hon. MEMBER...—Well, shall we have any statement from you, Mr. Chairman?

The CHAIRMAN.—I think it is unnecessary now. But before we pass from this point, I think that this matter—it is a rather important point in my mind, and I intend to look up the precedents in former years as to what was done. We have one precedent here, but that may not bind the committee, and I will be very glad if the other members of the committee would also look the matter up, so that when the question is raised again, we can argue it out and settle on some definite line.

Mr. CARVELL.—I just want to state, as far as I am concerned, I do not think this committee ought to be bound by a former ruling, if it is not in accordance with common sense and justice. When this case comes up again, as one member of this committee, I shall reserve my right to vote against any former ruling, if I judge it necessary to do so.

The CHAIRMAN.—That is quite right, but that is the reason why I leave it to the committee.

Mr. WARD.—Do you approve, Mr. Chairman, of the contempt shown by the witness towards this committee by causing an argument for about an hour in refusing to answer a question which he had answered at a previous meeting?

Mr. CARVELL.—What are you going to do with the witness? He has answered the question.

Mr. WARD.—Will you sit down? The charge is made by these gentlemen of obstruction in this committee, which is a gratuitous insult to anybody who gets up in this committee. I want them to understand that I do not take up much of the time of this committee, and I think I have the right to express my opinion occasionally. I may say it is an outrageous thing for a witness to act in the way this witness has acted, and I think, Mr. Chairman, you should discipline him in some way. Perhaps my friend from Carleton, New Brunswick (Mr. Carvell) will state how he should be disciplined. He has wasted the time of this committee for an hour by his refusal to answer a question which now he says he answered at a previous meeting.

WITNESS.—And it is already on record.

Mr. WARD.—Well, Mr. Chairman, I say this witness has shown a contempt for this committee which should not be allowed to pass unnoticed.

Mr. ZIMMERMAN.—I quite agree with the statement made by Colonel Ward. The witness would give one the impression that he has something to cover up, and I do not believe there is anything to conceal.

Mr. BENNETT.—You bet, he has something to cover up.



Hon. Mr. BRODEUR.—Why make these insinuations?

WITNESS.—Is that right? I want an opportunity to reply to that, Mr. Chairman.

Mr. ZIMMERMAN.—I believe that the Department of Marine and Fisheries want the fullest investigation into this matter, and that they will give all the assistance in their power, and if there is anything the witness wishes to cover up, I say it should be brought out. If they have been overcharging the government, charging unreasonable prices, we want to know it, and I am satisfied that the Minister of Marine and Fisheries wants that information to come out. It appears to me this is a battle between lawyers on technical points, but we want to get away from that. We want the information, and the sooner we get it, the better. I do not see why the witness should not give his answers in a straightforward, open manner.

Mr. JOHNSTON.—I agree with Mr. Ward to a considerable extent; but if Mr. Ward finds fault with the witness for not answering a question, what does he think of a gentleman on this committee who asked the same question the other day and got the answer? That answer is a part of the record of this committee, and yet Mr. Foster wastes the time of this committee by making speeches, as he has done to-day—speeches that he has made a half a dozen times already—and that he will make again probably a half a dozen times during the session. I say to Colonel Ward, that if the witness is deserving of blame in any respect, much more so is Mr. Foster deserving of it, having got the answer at a previous meeting.

Hon. Mr. BRODEUR.—As I am concerned in this investigation I did not want to take part in the discussion that is now going on, because I am the minister who is being charged with having been extravagant it would not be proper for me to take part in the discussion. I might say, however, that as far as I am concerned I am courting the fullest investigation in regard to this matter, and the government is also courting the fullest inquiry into all matters concerning this accounting system. I have made a contract with these people, I do not know whether they have lived up to that contract, the settlement has not been made, as far as I am concerned, as head of the department, no charge which has been made under that contract has been settled, because we have a large claim standing against the department and we are waiting until we have all the information necessary before settling the matter. What we want is to settle it according to the contract and instructions to that effect have been given in the department, and any inquiry, any information which we can get from this committee we will be very glad to have. There is one thing, however, which I would like to mention which I have found; I do not like to find fault with members of the committee, but I think that when a witness comes up here he should be treated, perhaps, in a better way than the witness now under examination has been treated. I have heard members speak of jail and of this punishment and that punishment that should be meted out, and I do not think that is the way a witness should be treated.

Mr. BENNETT.—Who spoke about jail?

Hon. Mr. BRODEUR.—The hon. gentleman spoke about the county jail.

Mr. BENNETT.—The hon. minister's sense of humour is so dull that he does not know that when I said, 'take him to the county jail,' it was by way of a joke.

Hon. Mr. BRODEUR.—We who are members of the committee may not be surprised at remarks of that kind, but witnesses who come here do not know the hon. gentleman as we know him and they might be scared by remarks such as that made by members of the committee. I think the proceedings of the committee would go on much more expeditiously if the business was carried on without these remarks and insinuations.

The CHAIRMAN.—The witness wants to say a word.

WITNESS.—I just want to explain that I did not deliberately hold up the time of this committee. I gave that answer as soon as I could attract the attention of the Chairman and the committee would allow me to make the statement. It came to my recollection that I had answered the question at the last meeting and I confirmed my recollection of it by reference to the records, and I at once called the attention of the Chairman to the fact that I had answered it at the previous meeting.

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*By Mr. Crocket:*

Q. Didn't you object yourself to answering the question, and refuse to give the information?—A. I certainly did, and I would still decline to answer the question if I hadn't answered it yesterday.

Q. Did you refuse on the ground that it was not a matter for the committee?—A. On the ground that it was my private business and I still say so.

*By Hon. Mr. Foster:*

Q. Now, H. G. Whittet was one of those employees, how much are you paying him?—A. I paid him, at that time, \$75 per month.

Q. I think you told me that you paid George Paré \$20 a day?—A. I did.

Q. Who is George Paré?—A. An accountant of Montreal.

Q. Is he one of the chartered accountants?—A. I am unable to say.

Q. Will you obtain that information and let me know? Mr. Paré and you have an agreement between yourselves, I understand?—A. Yes, sir.

Q. What is the nature of that agreement?—A. I pay Mr. Paré \$20 per day of seven hours for each day he serves me.

Q. Mr. Paré is not then fully employed by you?—A. No.

Q. And for the portion of time when you employ him you pay him \$20 per day. Now, Mr. Falconer, you say you pay your stenographer, Miss Moulton, \$55 per month. Is there any other allowance that you pay her outside of that, is that her full salary?—A. Her full salary.

Q. There is no other allowance?—A. No.

Q. Is it the same with regard to Mr. Whittet?—A. Yes.

Q. And the same with regard to Mr. F. B. Whittet?—A. Yes.

Q. And the same with regard to Mr. Paré?—A. No, Mr. Paré was \$20 per day and his expenses.

Q. And expenses?—A. Yes.

Q. And you paid him for those days on which he was at work in the department, \$20 for each day's work and his expenses?—A. Yes.

Q. Did you turn over your contract with the Marine and Fisheries Department to anybody?—A. What do you mean by 'turning it over'?

Q. Did you assign it, make it over under any agreement whatsoever?—A. Absolutely no.

Q. What is the answer?—A. Now, wait a minute, repeat your question, please.

Q. Did you turn over the contract you made with the Marine and Fisheries Department to any person or to any company.

*By Mr. Maclean (Lunenburg):*

Q. Let me ask you, was this contract with you personally, first, or did you negotiate it on behalf of Gunn, Richards & Company?—A. Gunn, Richards and Company.

Hon. Mr. FOSTER objected to his examination of witness being interrupted.

The CHAIRMAN.—If Mr. Foster objects I think he should be allowed to finish his examination and then you can ask questions, Mr. Maclean.

*By Hon. Mr. Foster:*

Q. May I have an answer, please?—A. I made that contract as representative of Gunn, Richards & Company.

Q. You made it as representative of Gunn, Richards & Company?—A. Yes.

Q. Of where?—A. New York at that time.

Q. Are Gunn, Richards & Company an incorporated firm at New York?—A. Yes.

Q. Does that appear on the papers?—A. I haven't looked over the papers lately.

The CHAIRMAN.—The agency there is not disclosed.

*By Hon. Mr. Foster:*

Q. The letter making the offer is on no letter heading at all, and it is signed by Kenneth Falconer, not by any firm or any company, and it commences with

'Herewith I beg to hand you report outlining the preliminary step which I purpose taking——,' &c. And then—

'My charges for services rendered will be based on the regular schedule of rates for different members of my staff, and in addition the hotel and transportation expenses incurred in connection with the work. My charge for services, will, of course, be made only for such time as is actually devoted to the work. It is my usual practice that accounts are rendered and payable each month, which I trust will be agreeable to you.'

And when the accounts were handed in it is not an account of Gunn, Richards & Company, but it is an account of Kenneth Falconer to the Dominion government, Department of Marine and Fisheries, and on the account itself there is no appearance of any other contractor than Kenneth Falconer. Now, Mr. Falconer, with that view of the case you say that you made that contract with the Minister of Marine and Fisheries on behalf of Gunn, Richards & Company, of New York?—A. As representative of Gunn, Richards & Company.

Q. On their behalf?—A. As their Canadian representative.

Q. On their behalf?—A. On their behalf.

Q. Did the minister understand that you were making that contract with an American firm?—A. I don't know.

Q. Did you tell him so?—A. I don't know. I answered that question the last time I was here.

Q. You may have answered that question twice or three times, you can answer it just as often as you are asked.—A. All right, I don't know.

Q. You don't know?—A. No.

Q. You did not so inform him?—A. I am absolutely unable to swear whether I informed him, I represented the New York corporation or not.

Q. Do you swear that you informed the minister, or that you did not inform the minister that you were making it on behalf of a New York firm?—A. I have answered that.

Q. Will you answer it again?—A. I am unable to swear whether I did or did not.

Q. Will you swear that you did?—A. I can't swear that I did.

Q. Will you swear that you did not?—A. I can't swear that I did not.

Q. Your recollection does not serve you?

Hon. Mr. BRODEUR.—You asked me that question, Mr. Foster.

Hon. Mr. FOSTER.—And you answered, no.

*By Hon. Mr. Foster :*

Q. What purpose had you in not frankly telling the minister——?—A. I was absolutely frank with the minister in all my dealings.

Q. What purpose had you in not frankly telling the minister that you were making this contract on behalf of a New York firm. (No answer.)

Q. What is your answer to that?—A. Will you repeat the question?

Q. What purpose had you in not frankly informing the minister that you were the representative, and that you were making this contract, on behalf of a New York firm of accountants?—A. When I first represented the New York firm of accountants a large part of the business was done in my own name, most of my clients, with whom I did business in my own name, understanding that I was associated with another corporation; this was one of those cases.

Q. Did the minister understand that?—A. It is impossible for me to tell what the minister understood during our conversations.

Q. You were able to swear just now that other parties for whom you did work, did so understand it. Can you assign any reason why you did not give the minister to understand it?

Mr. HUGHES (Victoria and Haliburton).—Perhaps the witness could give the names of the parties who did understand it.



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*By Hon. Mr. Foster:*

Q. Could you give any reason as to why you did not give the minister to understand it when you have just now sworn that you did it in the case of other parties?—A. To understand that?

Q. That you were simply representing a New York firm?—A. I don't think I made that statement, but that I was in business for myself and had available the services of a large corporation which is different from stating that I represented a New York firm.

Q. Well you are not able to give any other answer than what you have given?—A. No.

Q. Now, you have been talking of the Gunn, Richards Company, New York. Had the Canadian company, which was incorporated on September 4, 1906, anything to do with your contract with the Marine and Fisheries Department?—A. In what way do you mean anything to do?

Q. In any way?—A. Yes, the results of that contract are all incorporated in the Canadian books and represent—

Q. In the books of the Canadian company?—A. In the books of the Canadian company and represent the transactions of the Canadian company.

Q. Then did you or did you not turn over your contract to the Canadian company?—A. Personally I did not.

Q. Personally? Was the contract turned over to that company?—A. I do not know whether there was any official transfer made of it or not.

Q. Are you the secretary of that company?—A. Yes.

Q. Do you tell us that you don't know whether there was any transfer of it made?—A. Yes, I do.

Q. Was there any actual transfer made, whether it was official or otherwise?—A. I am not familiar with the method in which the books were kept after the Canadian company was opened.

Q. Did you ever give in any way, by contract or agreement or any actuality, this contract of yours to that Canadian company?—A. No.

Q. But they have the profits of it?—A. The Canadian company?

Q. Yes.—A. Most decidedly, yes.

Q. Then how can a company have the profits arising therefrom unless they receive it in some way, can you explain that?—A. The explanation is simply this, as I told you the other day: my salary is a certain amount and a percentage of the profits of the business in Canada.

Q. In the Canadian company?—A. Of business in Canada.

Q. Of both companies?—A. Yes, of both companies. I know for a fact that the profits of this particular contract were distributed—for a given period of time up to the date the payments discontinued—were distributed on the basis of that agreement. Therefore, I assume they were kept in the books of the Canadian company. It was a Canadian contract belonging to the Canadian company.

Q. The contract that you made with the Minister of Marine and Fisheries was a Canadian contract?—A. It is a Canadian contract.

Q. Made on behalf of?—A. Gunn, Richards and Company, New York.

Q. Gunn, Richards and Company, New York?—A. Yes.

Q. That is an American company?—A. That is an American company. It is the Canadian company we formed.

Q. Yes, and then what happened?—A. I cannot say positively as to the methods of keeping record, but, as I have stated, that contract was treated as a contract of the Canadian company ever since the formation of that Canadian company.

Q. That is since September, 1906?—A. Yes.

Q. That covers the period of all the payments does it not?—A. Yes, I think it does speaking from memory.

Q. That covers all payments?—A. Yes.

Q. You are a director of that Canadian company?—A. Yes.

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Q. And you are its secretary and manager?—A. I am its secretary and manager.

Q. Are you managing director?—A. Well, I would have to look up the by-laws and agreements of that company to find out exactly my title. I think it was secretary and managing director.

Hon. Mr. FOSTER.—Now, Mr. Chairman, I want an order of the committee requiring the books and papers and records of the Canadian company to be produced before the committee.

The WITNESS.—May I answer that, Mr. Chairman?

Mr. MACLEAN (Lunenburg).—Just a minute. Mr. Foster is chastising, apparently, the witness for not bringing the books but he has not asked him anything about how he has answered that subpoena. He asked one question about the books and was told that the Canadian corporation did not have them, they were transferred last May.

Mr. BOYCE.—What is the use of saying they had none when they sent them away. The witness says they sent them to New York.

Mr. REID (Grenville).—As a legal man can you tell me, has a Canadian corporation got to have their head office in Canada and keep their books here?

Mr. MACLEAN (Lunenburg).—You surely understand that the Canadian company and the New York company are one. I suppose for convenience and other purposes the two corporations occupy the one office in New York. The witness cannot produce those books, he has not got them. The point is that Mr. Foster insinuated that the witness refused to answer the order of the committee to bring the books, papers and so forth.

Hon. Mr. FOSTER.—I asked him at the beginning of the examination.

Mr. MACLEAN (Lunenburg).—What did you ask him?

Hon. Mr. FOSTER.—I asked him if he had his books, papers, and records here.

Mr. MACLEAN (Lunenburg).—You asked him about the books only.

Hon. Mr. FOSTER.—Oh well,——

The CHAIRMAN.—What does the witness say about producing them?

The WITNESS.—I have brought all the information which I could secure called for by my subpoena. I wrote to the head office, I wrote to the New York office, asking for the data and information called for by my subpoena and asked for the other day, which I was unable to supply from my office. I have before me the letter received in reply. May I read it?

Hon. Mr. FOSTER.—Yes.

The WITNESS.—(reads):

‘March 14th, 1908.

‘I beg to acknowledge receipt of your favour of March 13th, asking us to send you all correspondence, books, vouchers, cheque stubs, data and memoranda relating to our work for the Department of Marine and Fisheries. We have attempted to give you all the information that bears upon any question which affects the Department of Marine and Fisheries or the government work. To attempt to get out all correspondence, books, vouchers and memoranda relating to this one contract would involve practically moving our office to Ottawa. If you will go into this matter more in detail as to requirements of the Public Accounts Committee, we will endeavour to see if there is any way in which we can satisfy them.’

I personally have brought from my office in Montreal everything that I could that bore in any way on this question, as called for in my subpoena, as requested by you.

Q. What have you brought? Give the committee the details of what you have brought.—A. I have brought certain data and information forwarded to me accompanying this letter.

*By Mr. Blain:*

Q. Whom is that letter signed by?—A. W. B. Richards.

Q. And dated at New York?—A. Dated at New York.

Q. What date?—A. March 14th.

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Mr. MACLEAN (Lunenburg).—I would like to ask Mr. Foster, what do you mean by books; do you want Gunn, Richards & Company to bring all their books, and for what purpose?

Hon. Mr. FOSTER.—I want to find out the payments that were made in all cases with reference to these parties whose names were given here and who have received money from the Minister of Marine and Fisheries on this contract. That is the first thing I want.

Mr. MACLEAN (Lunenburg).—That is, you want the wages paid the employees?

Hon. Mr. FOSTER.—I want also the stock-books of the Canadian company, to know how the stock is distributed, who forms the company, and what profits they have got out of this source.

The WITNESS.—I can tell you right now regarding the stock. The stock is practically all held in the name of Mr. Richards. Whether personally it belongs to him or to him and Mr. Gunn, or to Gunn, Richards & Company of New York, I am absolutely unable to say. Ninety-six per cent of the stock is held in Mr. Richards' name. J. N. Gunn holds one share. I myself hold one share, and my brother and H. S. Williams hold one share.

*By Hon. Mr. Foster:*

Q. What is the amount of the stock?—A. One hundred shares.

Q. What is the amount of the capitalization?—A. \$10,000.

Q. \$10,000 capitalization, divided into shares of \$100 each?—A. \$100 each.

Hon. Mr. FOSTER.—That is all we want with reference to that.

Mr. MACLEAN (Lunenburg).—The witness is not withholding anything.

*By Hon. Mr. Foster:*

Q. What else besides that? Have you any records from which you can give the information I asked for in the first instance?—A. Which information?

Q. With regard to the amount of wages paid?—A. No, sir, I have not.

Q. That, then, is the information which we want?—A. I have absolutely nothing to do with the New York corporation. All these employees, with the exception of these three or four whose salaries I gave you, are employees of the New York company. I have nothing to do with the New York corporation in any way, shape or form.

*By Mr. Taylor:*

Q. You know what the Canadian corporation paid the New York firm for their salaries?—A. Yes, I did know.

Hon. Mr. FOSTER.—You see the situation exactly as it is; let us have this matter settled.

Mr. MACLEAN (Lunenburg).—There is nothing to settle, except for Mr. Foster to retract those insinuations, that the witness is refusing to produce that which the committee has ordered him to produce.

WITNESS.—I have already produced everything that I can; I cannot produce anything that I haven't got.

Mr. MACLEAN (Lunenburg).—I move that Mr. Richards be examined on Friday.

The CHAIRMAN.—The order of the committee will be to continue Mr. Falconer's evidence and then proceed with Mr. Richards.

Committee adjourned.



OTTAWA, Friday, March 20, 1908.

The Committee met at 11 o'clock a.m., the Chairman, Mr. Clarke, presiding, and proceeded to the further consideration of a payment of \$31,235.35 to Kenneth Falconer in connection with the reorganization of book-keeping, &c., in the Department of Marine and Fisheries, as set out at pages P—77 and 78, Vol. II, Report of the Auditor General for the fiscal period ended March 31, 1907.

The examination of Mr. Kenneth Falconer resumed.

*By Hon. Mr. Foster :*

Q. How long have you been engaged in working and accounting as a producing engineer and accountant?—A. Approximately six years.

Q. Beginning in 1902? I think you told me that before that you were engaged with a number of employers, amongst them the Royal Electric?—A. Yes.

Q. Have you any objection to saying what salary you got from the Royal Electric?—A. When I left?

Q. Yes, what was your salary?—A. \$70 a month, I think.

Q. Now, since 1902, have you always, on this business been in connection with Gunn & Richards?—A. No.

Q. What time did your connection with them begin?—A. October, 1904.

Q. Before that you were on your own account were you?—A. Largely, yes.

Q. Can you mention any corporation or business houses for whom you did accounting between 1902 and 1904?—A. The Robert Mitchell Company. Mr. Foster, are you alluding to this special line of work?

Q. Yes, this special line of work?—A. The Robb Engineering Company and the Gould Manufacturing Company.

Q. The Gould Manufacturing Company?—A. Yes, and in addition contributed articles to trade magazines on this line of work.

Q. Did you do this accounting and production engineering work with those companies yourself, alone, or had you a staff?—A. For the Robert Mitchell Company? No, by myself alone.

Q. By yourself alone?—A. By myself alone, yes.

Q. What was your schedule of prices then for these companies?—A. From the Robert Mitchell Company I was getting a fixed salary.

Q. How much?—A. A thousand dollars.

Q. A thousand dollars a year?—A. No, I think it was \$1,200 later on, from \$1,000 to \$1,200.

Q. And for the Robb Engineering Company?—A. The Robb Engineering Company, the services that I billed amounted to between \$25 and \$30 approximately per day of seven hours.

Q. \$30 per day?—A. Of seven hours.

Q. For yourself?—A. Yes.

Q. And the Gould Manufacturing Company?—A. \$25 per day and expenses.

Q. That work you did up to 1904 by yourself?—A. By myself.

Q. In 1904 you made your arrangement with Gunn & Richards?—A. Yes.

Q. What was the nature of the arrangement you made with them?—A. That I was to represent them in Canada, secure all the business I could in Canada, and devote part of my time to carrying out the work and part of it to supervising the work as it might develop.

Q. And what were the conditions of that employment, what remuneration were you to get?—A. \$2,000 a year and a proportion of the profits on all business done in Canada.

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Q. How much was your proportion of profits?—A. What proportion?

Q. Yes?—A. One-tenth.

Q. You thereafter made your agreement with parties in Canada at a per diem rate?—A. With one or two, perhaps, small exceptions.

Q. Generally?—A. Yes, generally.

Q. Taking this one for instance?—A. Yes.

Q. What was your agreement with Gunn & Richards as to what they should charge for the work they did?—A. I was simply to represent them and they were to furnish me a schedule of rates that I was to charge my clients.

Q. They were to furnish you with such a schedule which you were to charge your clients?—A. They were to furnish me such a schedule, yes.

Q. On that schedule you made your arrangements?—A. On that schedule I made my arrangements.

Q. And you made your arrangements on that one with the Minister of Marine and Fisheries?—A. With the Minister of Marine and Fisheries.

Q. Have you a copy of your schedule?—A. I want to correct my statement as to that schedule. I was advised from time to time of different rates to different men.

*By Mr. Maclean (Lunenburg):*

Q. You were what?—A. Advised as the rates were changed, as new men were employed on our staff or other men left the staff, I was advised of the rates.

*By Hon. Mr. Foster:*

Q. Did you have any standard schedule of prices?—A. Yes.

Q. What was the standard schedule of prices which you were given?—A. Well they were from \$15 a day for juniors to \$20 and \$25 a day for those in more responsible positions. Then there was a class of men of \$30 or \$40 according to the nature of the work they were doing.

Q. Yes?—A. There was \$50 and \$75.

Q. Where were your profits to come in, this 10 per cent of the profits?—A. The difference between the actual cost of carrying out contracts which I secured and the revenue received from those contracts.

Q. That is you had an accounting with Gunn & Richards?—A. I got a statement from them annually of the results of the business.

Q. That statement showed you how much it cost them to carry on the business?—A. No.

Q. Eh?—A. No. Yes, broadly speaking, but not in detail.

Q. It must have shown that, because otherwise you would not have seen what your profits were, would you?—A. The understanding was, that a statement was to be prepared by Mr. Richards, and I was quite satisfied to take the result of the business, without further examining it in any way, shape or form.

Q. You made the contracts here, fixing at the same time with Mr. Richards as to the prices?—A. In some cases advising, in other cases not.

Q. But you would always be sure to make contract prices here level with his prices?—A. Yes.

Q. As to the schedule?—A. Yes.

Q. And then you depended upon Mr. Richards to give you the difference between the cost and that?—A. Absolutely.

Q. And you had 10 per cent of that?—A. Ten per cent of it.

Q. How much would that amount be in the case of this contract?—A. The books are kept altogether in New York, and I am unable to state.

Q. You had a contract with the Intercolonial Railway, did you not?—A. Yes.

Q. Amounting to how much altogether?—A. Speaking from memory, between thirty and forty thousand dollars.

Q. About \$40,000, we will say?—A. I think less.

Q. I think the answer of the Minister on that point was \$42,000, but we will say \$40,000. You turned that over to Gunn & Richards?—A. Yes.

Q. And received one-tenth of the profits?—A. Yes.

Q. How much?—A. I don't know. I have never received any statement of the profits on individual contracts. In point of fact, the books have not yet been closed for the past year, and the definite amount to go to my credit as my proportion of profits has not yet been determined even in New York.

Q. You have just received payment on account?—A. Received payment on account.

Q. On account of the Intercolonial Railway, how much have you received so far?—A. I simply drew my salary. I received nothing on account of individual contracts.

Q. When you speak of one-tenth of the profits, is that outside of your salary?—A. Outside of my salary, in addition to my salary.

Q. They paid you a salary of \$2,000, and then gave you one-tenth of the profits?—A. When the engagement was first made; later on it was advanced.

Q. And at the present time it is \$2,500?—A. \$2,500, yes.

Q. Nominally with the Canadian company?—A. Nominally with the Canadian Company.

Q. I think that I understood you to say that they have 96 per cent of that stock?—A. Mr. Richards holds 96 per cent.

Q. Not as Gunn, Richards & Company?—A. He holds it in his own name, I don't know who he holds it for.

Q. Nor what was the nature of the work you did for the Marine and Fisheries Department. I have made a totalling up of these accounts and I find that you worked 928½ hours and that you travelled 229 hours. The half of that would be 114½ accounted for service which would make 1,043 hours or 149 days. Now in that 149 days' work, mostly at Ottawa, I see by the accounts, what was the kind of work you were doing?—A. You are speaking now of my own personal services.

Q. Your own personal services, yes?—A. Chiefly supervising the different branches of the work that the different members of my staff were engaged in.

Q. I think I asked you before about what proportion of your time would be taken up in supervising and you say now you were chiefly engaged in that?—A. The question you asked me before I understood as referring to my time in relation to Gunn, Richards & Company and not in relation to this specific contract.

Q. Well, let that go in, but this is a question in reference to this time you put in with the Marine and Fisheries Department, and you say it was devoted chiefly to supervising your staff?—A. Yes, and consultation work.

Q. Consultation work with whom?—A. On occasion with the different officials of the department as to the nature of their duties—what they were doing, also consultation work with Mr. Richards and with those who were actually carrying out our work.

Q. I suppose really that very little, comparatively of this 149 days was given to the real work of accounting, going into the accounts and the like of that?—A. At the first, no. At the commencement of the contract a large part of the time was actually spent studying the present methods and conditions here in Ottawa.

Q. We will let the answer go at that, chiefly spent in supervising?—A. Chiefly.

Q. And for that you appear to have drawn \$3,960, and for subsistence \$455, at \$5 per day. As far as I can see the days coincide very nearly with the hours you were engaged, that is as to the per diem allowance, and travelling between here and Montreal, \$268.68, that is you have received \$6,705.68?—A. The firm receives that for my services.

Q. I am just coming to that, of course the firm did not receive the subsistence allowance, I suppose?—A. The firm received the subsistence and credited me with all my expenses.



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Q. Very well, then, the firm receives, supposing that \$5,960 is correct in the computation?—A. Yes, approximately.

Q. The firm received \$5,960, by that you mean the Canadian Company?—A. The Canadian Company.

Q. And the Canadian Company received the \$485 that you received for subsistence?—A. Yes.

Q. And the \$260,68 that you paid out for travel?—A. Yes, but I—

Q. And then—I am coming to that—they received all those sums?—A. They received all those sums.

Q. Then they paid back to you your actual travelling and living expenses?—A. Yes.

Q. Have you any objection to saying what you paid for your living expenses in Ottawa—you charged \$5 per day for them?—A. I have no objection, I think I have it here in detail if you will excuse me a moment.

Q. The rate per day?—A. My actual expenses which the firm paid me exceeded considerably, I know, the amount charged to the government at \$5 per day.

Q. You charge \$5 per day for subsistence?—A. Yes.

Q. Or living expenses?—A. Yes.

Q. Do you mean to say that you did not cover your bill?—A. No, it did not, no.

Q. And when the company settled with you your expenses were greater than that?—A. Yes. May I add something to that, Mr. Foster?

Q. Yes.—A. The total expenses paid by my firm to the men on this contract exceeded the amounts received from the government at \$3, \$4, and \$5 per day by \$1,000 or \$1,200, so I am informed by Mr. Richards.

Q. You were paying them at the rate of \$3, and \$4 and \$5 per day—have you any idea that they paid anything like that for their hotel bills?—A. I know positively that in some instances they paid more. I know positively that in one instance a man paid \$4 per day and was billed to the government at \$3.

Q. Well, of course, what the government proposes to pay is reasonable living expenses?—A. Yes.

Q. I think a man ought to get along at these places in Ottawa for at least that much, don't you, Mr. Minister?

Hon. Mr. BRODEUR—It all depends.

Hon. Mr. FOSTER.—Of course a man may spend \$20 if he pleases but the government would not consider it has to pay any more than authorized or certified expenses, that is for meals and expenses, that is all a man should charge the government for his expenses.

Mr. PARDEE—He does not expect to get anything more than the schedule rate of expenses, does he?

Hon. Mr. FOSTER.—It was not scheduled, it was a per diem allowance.

Mr. PARDEE—He doesn't expect to collect more than that from the government.

Hon. Mr. FOSTER—Not from the government, he says his company paid more than that.

*By Hon. Mr. Foster:*

Q. With reference to the expenses that you charged to your company, do you give your company vouchers for that?—A. No.

Q. How do they check your expenses?—A. I turn in a statement periodically, once a week, presumably.

Q. Without vouchers?—A. Without vouchers, broadly speaking divided into several main headings.

Q. And your company pays that without asking for any vouchers?—A. And always have.

Q. Now, Miss Moulton worked twenty-two and five-seventh days, I do not see

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anything charged for travel or for living expenses for her. Was she in Ottawa or Montreal?—A. Montreal.

Q. Was she your typewriter in Montreal?—A. Yes.

Q. And you charged for her for twenty-two and five seventh days as a member of your staff at \$3.50 per day?—A. Yes.

Q. What work was she doing during that time?—A. Writing out reports which were submitted from time to time, and reports also with regard to any of our services that were discontinued.

Q. Although she was employed in your office, you considered she was a member of the staff?—A. When she was working on these reports, yes.

Q. I understand you to say, then that all the money you received from the department here you turned over to the Canadian Company?—A. To the Canadian Company.

Q. And then you settled with the Canadian Company?—A. Yes.

Q. On the basis you have mentioned?—A. May I speak about the date of incorporation of that Canadian Company—I stated yesterday I think, that the date of the charter was the 4th December, 1906. As a matter of fact the application for that charter had been put in a number of months before, but owing to the illness of our solicitor it was just hung up for a considerable length of time.

Q. What was your idea in having that company formed?—A. We thought it was better having a Canadian company handling the Canadian business.

Q. But it is a Canadian company in name only, I think you say the books are kept in New York and New York parties own 96 shares?—A. I said Mr. Richards holds 96 per cent of the shares.

Q. And Mr. Richards, rather, owns 96 per cent of the shares?—A. Yes.

Q. What was the objection to carrying on the business as you had been doing it?—A. I am speaking from memory now, but one reason, I think, that was given was that operating under a Quebec charter our licence fees would not be as heavy as if we were not.

Q. Was the idea you had that it would be more easy for you to get work here if you had a Canadian company?—A. No, I think not, to any extent, that would matter.

Q. You think that would not enter into it at all?—A. Not to any great extent, but the general feeling that working in the Canadian field it was better to have a Canadian company.

The CHAIRMAN.—I suppose a foreign company could not do business here without a licence?

Hon. Mr. FOSTER.—They would have to pay a licence fee, I imagine.

The CHAIRMAN.—Yes, and get a licence from the government. I know that a great many prefer to incorporate in that way.

*By Hon. Mr. Foster :*

Q. When you received these cheques from the department what disposition did you make of them?—A. Banked them.

Q. Where?—A. Sometimes in Ottawa, sometimes in Montreal.

Q. What bank?—A. The Bank of Ottawa.

Q. How were they endorsed?—A. Endorsed by myself, Kenneth Falconer.

Q. And payable to any order or anybody?—A. Payable to my order.

Q. That is they were put practically to your own account?—A. Yes.

Q. In the bank?—A. In the bank.

Q. Not to the credit of the company?—A. Then similar amounts were either remitted direct to New York or transferred to the account of the company.

Q. That money you told me went to the company?—A. Went to the company.

Q. Would it not have been easier to have endorsed that to the company directly?—A. No, I don't know that it would have.

Q. It would have been one transaction then and you might save discounts.

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Mr. MACLEAN (Lunenburg).—That is their business, Mr. Foster.

Hon. Mr. FOSTER.—I suppose it is. I am just wondering why it was done.

*By Hon. Mr. Foster :*

Q. I think you said Mr. Falconer that the exact amount was afteryards chequed out to New York ?—A. At first the exact amount was chequed out to New York. Later on when we got our charter and opened up our company here those cheques were deposited. I am unable to say from memory whether or not some of them were not deposited direct to the credit of the company; they may or may not have been.

Q. I don't think they were ?—A. Well the amounts were immediately deposited to the credit of the company anyway.

Q. Of course, what would happen, Mr. Falconer, by the method you took would be that nobody's name but yours would appear on the cheques ?—A. Apparently.

Q. And it was you who made the contract ?—A. I who made the contract.

Q. And I understand you cannot swear that you explained to the government that this was really a New York company ?—A. I cannot.

Q. Now this money was deposited to your account in the bank in Ottawa or Montreal. When you chequed it out again did you cheque it out to Mr. Richards or Gunn & Richards ?—A. To Gunn, Richards & Company.

Q. Gunn, Richards & Company ?—A. Gunn, Richards & Company.

Q. You chequed it out to them ?—A. Yes.

Q. Simply by your own cheque ?—A. Simply by my own cheque.

Q. Which was not required to be signed by anybody else ?—A. No.

Q. In what way did you fix your remuneration at \$40; was that done by Gunn & Richards ?—A. It was done by consultation between Mr. Richards and myself as to the rate we were to charge.

Q. That, it was understood between you and them that you were to be paid a rate of \$40 per day ?—A. When I took the responsibility of a contract myself.

*By Hon. Mr. Brodeur :*

Q. When you took the responsibility ?—A. When I took the responsibility of handling the work myself.

Q. Not this particular work ?—A. No, no. Any work that I had the responsibility of handling, \$40 a day was my rate.

*By Hon. Mr. Foster :*

Q. This is what you received, in reality, was it not; you got your \$2,500 a year as salary ?—A. Yes.

Q. You got your own rate fixed at \$40 a day ?—A. Yes.

Q. And you got one-tenth of the profits ?—A. Of the profits.

Mr. BLAIN.—May I ask a question?

The CHAIRMAN.—Certainly.

*By Mr. Blain :*

Q. Was there any change in the form of payment of money or receipt of money after the company was formed ?—A. None.

*By Hon. Mr. Foster :*

Q. Did you produce a schedule of prices to the Railway Department when you made your contract with them in regard to the Intercolonial Railway ?—A. There was one submitted and spoken about during a conference between Mr. Richards and the officials of that department. What was done with it I don't know, I did not have it.

*By Mr. Maclean (Lunenburg) :*

Q. Who made that contract with the I. C. R. ?—A. Mr. Richards and I were together. No, I made it first.



*By Hon. Mr. Foster:*

Q. You have just stated there was a schedule?—A. Or a memorandum.

Q. Or a memorandum of rates produced between Mr. Richards and the Intercolonial Railway?—A. No, I said at a conference between—

Q. It was produced at a conference between Mr. Richards—?—A. Mr. Richards and the officials of the department at which I was present.

Q. At which you were present?—A. Yes.

Q. Who was that schedule left with?—A. I am unable to say.

Q. But the department or the officials had cognizance of it?—A. Yes.

Q. How did Mr. Richards and you have any consultation with the Minister of Marine and Fisheries?—A. Prior to the commencement of the work?

Q. Yes, prior to the commencement of the work?—A. No.

Q. You are positive on that?—A. Positive.

*By Mr. Maclean (Lunenburg):*

Q. You did not answer the question in the same way the other day?—A. Prior to the commencement of the work?

Q. What you were asked a minute ago was, prior to the commencement of the work did you have any consultation with the minister?—A. No. Did I and Mr. Richards ever have a consultation with the minister, was the question.

Hon. Mr. FOSTER.—My question was did the witness and Mr. Richards together have any conference with the minister prior to the commencement of the work.

*By Hon. Mr. Foster:*

Q. You had a consultation had you not with Mr. Richards before you fixed the prices?—A. No. I took this work at our regular schedule of prices.

Q. But your regular schedule of prices you said was what Mr. Richards gave you from time to time?—A. Yes.

Q. Was it understood that the schedule for the Marine and Fisheries Department should be the same as had been in force with the Intercolonial Railway?—A. It was understood that it should be the same as had force with all our Canadian clients, all our clients including the Intercolonial Railway.

Q. After you commenced work did you and Mr. Richards have any consultation with the minister?—A. Mr. Richards and I called on the minister once in his department over here. I forget whether we had a consultation or whether it was just a call as Mr. Richards was in town.

Q. You do not know what took place at that time?—A. No, it was brief, very brief.

Q. You are not sure that business matters were discussed?—A. I am not sure.

Q. That schedule prices were named?—A. I don't think so.

Q. You are not sure about that but you don't think so? How came you and Mr. Richards to have a consultation with the minister or to visit him?—A. Mr. Richards was in town, in Ottawa, on business and naturally called on the minister.

Q. You introduced him?—A. I introduced him.

Q. Was Mr. Gunn employed upon this work here?—A. I understand yes. Mr. Gunn was on it in consultation but he was never in Ottawa.

Q. He was never in Ottawa?—A. Never in Ottawa.

Q. Now Mr. Falconer I got from you the other day what were being paid to the four persons that you have employed or that you made arrangements with?—A. Yes.

Q. Can you, from your books or your knowledge, give me any information as to the amount actually paid to those other gentlemen? There were thirty-six in all, including Miss Moulton that were employed and five of these including yourself were Canadians. With reference to any of the others can you tell what amount they were being paid by Gunn & Richards?—A. No.

Q. You have no knowledge?—A. No knowledge whatever.

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Q. Or from the books?—A. Or from the books, they are employees of the New York, the American corporation.

The CHAIRMAN.—I only figure out thirty employees, but I may be wrong.

Hon. Mr. FOSTER.—I have thirty-one here.

The CHAIRMAN. I have taken this from the Auditor General's report and he only gives thirty, but it does not make any difference.

Hon. Mr. FOSTER.—Probably I have some that appear in the later accounts.

The CHAIRMAN.—That makes the difference, you have them on a different list.

Hon. Mr. FOSTER.—I give the witness up for the time being, but I don't want him to be discharged, as I may have some further questions to ask him.

Mr. MACLEAN (Lunenburg).—I asked to have Mr. Richards summoned for this meeting, and as he is anxious to get back to New York, if it is agreeable to the members of the Committee I think it would be well to ask Mr. Falconer to step aside for the present in order that Mr. Richards may be examined.

Witness retired.

Mr. W. B. RICHARDS, called, sworn and examined.

*By Mr. Maclean (Lunenburg):*

Q. Your name in full?—A. Willis B. Richards.

Q. You reside in New York?—A. New York city.

Q. You are the head of the firm whose name has been mentioned in this inquiry, Gunn, Richards & Company?—A. The tail of it.

Hon. Mr. FOSTER.—That sometimes wags the whole dog.

*By Mr. Maclean (Lunenburg):*

Q. Your office is in New York?—A. Yes, 43 Wall street, New York.

Q. That is the home of your New York office. What is your business?—A. Production engineering and public accounting.

Q. What is your business again, Mr. Richards?—A. Production engineering and public accounting.

Q. Will you define what public accounting is and what production engineering is as briefly as you can?—A. Well, as public accountants we audit books, pass on accounts, criticise the keeping of records and offer such advice as usual with public accountants. As production engineers we organize factories, put in 'cost systems,' get the greatest efficiency possible out of various details in the production of manufactured articles, speeding of machines, advising as to the method of paying labour, routeing materials through the works, laying out the duties of employees, and the amounts that should be paid to them, what is a fair day's work, organizers and systematizers; we take the sales department of a business and develop that, laying out systems for following up the salesmen, anything that we think is necessary to be done in a business to develop it we do as production engineers.

Q. Is this 'production engineering' a new term in business?—A. It is rather a new term.

Q. Do you claim yourselves to be the originators of it?—A. We originated the term, we were the first firm in this business.

Q. You were the first firm in America, you say, to create the term and start in that line of business?—A. Nobody ever heard of that line 'production engineering' until it appeared in Gunn, Richards & Company's announcement in the Engineering Magazine in 1901.

*By the Chairman:*

Q. Do you mean in any country?—A. In any country.

*By Mr. Maclean (Lunenburg):*

Q. There are many other firms now claim the same line of business?—A. There are a good many firms advertise that way now.

Q. How many offices have you in the United States?—A. Three.

Q. Where are they situated?—A. Chicago, Boston and New York.

Q. What is the number of your staff?—A. We employ about sixty people altogether, they are scattered about.

Q. Do you select your staff, or are they selected for their individual capacity and ability for the special work on which they are employed?—A. All our men have special experience, some are better on one job than on another.

Q. Then the value of your services is because of its organization as a whole?—A. It is the organization that is of value, not the individuals.

Q. You purchase the service of your employees and sell it to do public accounting and production engineering, that is your business?—A. Certainly.

Q. Now, how do you pay your men, your staff? How many grades of wages are there?—A. We have just about as many grades as we have men.

Q. But speaking generally?—A. We pay them by the year, each man is on his own merits.

Q. When selling their services to clients, how do you select your staff for a particular work?—A. That depends upon a man's availability and a man's availability depends upon his experience, and his experience depends upon how long he has been with us.

Q. Take for instance, yourself?—A. We charge for Mr. Gunn's services, and for my own, \$75 per day for a day of seven hours. The next grade is the \$50 per day men, and there are approximately four or five or six of them. There are some men we charge \$40 a day for and there are some we charge \$30 per day for. There are a great many we charge \$25 per day for because those are senior accountants, men that are able to take charge of a job of accounting, and we charge \$25 per day for them and the juniors \$20 and \$15.

Q. And for stenographers?—A. We charge 50 cents per hour for stenographers's work, without regard to which stenographer does it. We have in the New York office two stenographers at \$25 per week, two more at \$20 per week, and three more at \$16, \$17 and \$18 per week, and we have a stenographer at each one of our branch offices, and any or all of these may be working upon reports pertaining to any particular business, and when they are so engaged we charge for their services at 50 cents per hour.

Q. Mr. Gunn and yourself are \$75 per day men?—A. Yes.

Q. Is there anybody else in that grade?—A. Mr. Stevenson.

Who is he?—A. He is head of our railway department.

Q. Does he work with anybody else?—A. He is also the controller of the Mutual Life Insurance Company.

Q. He is still controller of the Mutual Life Insurance Company and he is at your service when it does not conflict with his other duties?—A. In an advisory capacity he serves us and draws a salary.

Q. Did he ever have any railway experience?—A. He was controller of the Chicago, Rock Island and Pacific, and the Central Railroad, New Jersey. He is probably the best accountant in the United States.

Q. Was he on the I.C.R. audit?—A. He made the original inspection of the books with me.

Q. Who are in your \$50 class?—A. Russell and Fawcett, and Woods when he was with us.

Q. Who is Mr. Russell?—A. I can give you his history.

Q. It would take too long, just state briefly?—A. I cannot remember it. I cannot give you the details from memory as good as I can from what I have here (reads):



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Russell was born in 1877 at Pittsburg, Pennsylvania.

*Experience—*

1892-1899—Apollo Iron and Steel Co., at Pittsburg, Appolo and Vandergrift, Pennsylvania, commercial and manufacturing accounting and costs; purchasing, selling, office management, manufacturing practice, works engineering and construction, advertising foundry practice and accounting, natural gas service, public utilities, electric, gas and telephone; town building; paving, sewerage, &c.

1899-1901—American Steel Hoop Co., Pittsburg and New York, assistant auditor; commercial and manufacturing accounting (cost system), collections, commercial credits, office organization and management, consultation work in organization and management—American Tin Plate Co., American Sheet Steel Company, American Can Company, railroad accounts.

1901-1903—United States Steel Corporation, New York City; (Assistant to 3rd vice-president); selling policies and problems, distribution of consuming demand (geographical), supply and demand study, consultation manufacturing costs, wages returns, living conditions employees, hours of labour, &c.

1903-1907—Gunn, Richards & Co., New York City; production engineering, manufacturing practice, consultation and active organization work in great variety of industrial work.

Q. Who are in the \$30 and \$40 class ?

The CHAIRMAN.—There is another gentleman in the \$50 class, do you want him?

*By Mr. Maclean :*

Q. Who is Mr. Fawcett ?—A. A chartered accountant, a certified public accountant. He has served in England and with us (reads) :

Fawcett was born in 1875, London, England.

*Education—*

In England, Forest Hill School, Kent; and London University.

*Experience—*

1891—Started as an accountant in the office of Harvey, Preen & Co., chartered accountants of London, England, subsequently articled to them for a period of five years. Passed all examinations with honours, taking degree of chartered accountant in 1899.

1901—Practised as a chartered accountant with said firm in London until 1901.

1901—Came to America and engaged in practice as a member of the firm of Menzies, Robertson & Company (now dissolved) and later of Gunn, Richards & Company, production engineers and public accountants, New York, N.Y. of Illinois.

1906—As a certified public accountant received a diploma from the University of Illinois.

Experience as a public accountant covers a total of sixteen years, of which nine and a half have been spent in England, and six and a half in the United States. This experience comprises a great variety of accounting investigations and admits of manufacturing, insurance, banking, railroad and other corporations, municipal government and bodies, including the Dominion government, and has included the devising of accounting systems for many of those served.

Q. Who are in your \$30 and \$40 a day class?

Mr. CROCKET.—Give the information without reading their history.

The WITNESS.—I see you are getting tired of the detail but I have it here. Leland is a \$30 a day man.

THE CHAIRMAN.—You are asked about the \$40 a day men, give them first.

*By Mr. Maclean (Lunenburg):*

Q. What is the distinction between the man at \$40 a day and the man at \$30 a day?—A. The amount of experience he has had probably.

Q. What is that?—A. The amount of experience he has had probably. His general experience with us in any line, counts very much in all our work.

*By Mr. Crocket:*

Q. Is Mr. Falconer entered in your book?—A. Yes.

Q. Read what you have about him?—A. I shall be delighted, gentlemen.

*By Mr. Maclean (Lunenburg):*

Q. What class is Mr. Falconer in?—A. He is a man we charged \$40 a day for.

Mr. BENNETT.—Give us his full pedigree.

Mr. MACLEAN (Lunenburg).—It is a very creditable record, much more than yours would be or even Mr. Foster's would be in this capacity.

*By Mr. Maclean (Lunenburg):*

Q. Is Mr. Falconer regarded as a good man in the branch of work which he undertook for your firm?—A. Certainly.

Q. What is this class of work, what class of work do you assign to him?—A. Any work that requires responsibility and judgment. We would select him to look up any confidential matter.

Q. But in what line particularly?—A. Particularly in cost work.

*By the Chairman:*

Q. You had better give Mr. Falconer's record since some members of the committee have asked for it?—A. (reads):

Born—1863.

Education—Common and high school.

*Experience:*

1880-1886—Wholesale dry goods.

1886-1887—Purser on river steamer.

1887-1896—General commercial accounting.

1896-1899—Electric light accounting.

1899-1904—Cost and factory office, and assistant to president of Brass Manufacturing Company; Associate Editor Journal of American Foundrymen's Association; Contributor Cassiers, Engineers Magazine, American Machinist, and other trade publications, and Consulting Cost Accountant.

1904-1906—Representative in Canada of Gunn, Richards & Co., New York.

1907-1908—Secretary and manager, Gunn, Richards & Co., Canada.

*By Mr. Maclean (Lunenburg):*

Q. Mr. Falconer's work is more in cost accounting, as I understand it, than in ordinary auditing?—A. He has had more experience since he has been with us in cost accounting than in ordinary auditing.

Q. Is the mere work of auditing books the big feature of your business?—A. No.

Q. It is the small feature of it?—A. The small end of it.

Q. And the men who do the auditing for your company are the \$20 and \$25 men?—A. \$15 and \$25.

Q. Did you ever do any work for the government of the United States, I mean your firm?—A. Yes.

Q. For what branch of the United States government have you done work?—A. We have the Department of the Interior as clients and the War Department.

Q. The Department of the Interior and the War Department? When did you do work for the Interior Department?—A. We have been engaged for the Interior Department about six, seven or eight months.

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Q. That is for the Interior Department?—A. Yes.

Q. Were your charges at the same rate as charged the Marine and Fisheries Department or the Intercolonial Railway here?—A. Exactly the same basis.

Q. Are your services in connection with the Interior Department referred to in any departmental reports?—A. Yes.

Q. Read it briefly please?—A. In the Report of the Secretary of the Interior for the fiscal year ended June 30th, 1907 Mr. Garfield writing to the president says (reads):

“Work of Gunn, Richards & Co.—In order to obtain the best advice upon organization, business methods, and accounting, members of the firm and employees of Gunn, Richards & Co., expert accountants, have been employed. Their reports have been of very great value. The facts found and recommendations made have resulted in doing away with obsolete, useless, or wasteful methods and in placing the business of the department upon a very much better basis. Many of the changes suggested have already been put into force; others will be as rapidly as conditions and appropriations permit.”

Q. Did you exhaust the appropriation for your work in the Interior Department?—A. It is a useless question. We did.

Q. Are you looking for more?—A. Mr. Garfield is looking for more.

Q. It was not a very big appropriation was it?—A. \$10,000.

Q. And he is asking for what further appropriation for this work?—A. I don't know, I am not in Mr. Garfield's confidence. I have studied the requisitions and as far as I can see he has asked for \$50,000 but I don't know what he intends to do with it.

Q. Have you any evidence as to what rates were paid your men by the United States Department of Interior, any documentary evidence?—A. I have here the Department of Interior's commissions that they got out for the men.

Q. Well give us the rate paid to the men who also worked in the Marine and Fisheries Department here if you can put your hand on them?—A. Well here is William F. Russell.

Q. Did he work in the Marine and Fisheries Department here?—A. Yes.

Q. Well read the commission?—A. (reads):

DEPARTMENT OF INTERIOR,

WASHINGTON, May 1, 1907.

William F. Russell of New York is hereby appointed a confidential agent of the department to make investigations and examinations at a salary of fifty dollars a day when actually employed. Act of June 22nd, 1906 (34 Stats. p. 433).

(Sgd.) JAMES R. GARFIELD.

Q. You may give the pay of any other of your men, just the men who worked here though?—A. Cross \$20 a day.

*By the Chairman:*

Q. H. B. Cross is it?—A. Henry B. Cross. Arthur T. Doud, \$25 a day.

He was only getting \$15 here?—A. He did not do very good work then. James N. Gunn \$75 a day. Harold A. Marvin, \$20 a day.

*By Mr. Maclean (Lunenburg):*

Q. For those men you charged the Department of Interior at Washington the same rates as Mr. Falconer charged the Departments here for similar services?—A. We always aim to. We always aim to have the same prices. If our men get an increase in their salaries we raise their rates at times but we always raise them for everybody at the same time.



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Q. Are you doing any work for the War Department now?—A. Yes we are doing work for the War Department.

Q. Charging?—A. The same rates.

Q. Charging the War Department the same rates you would have charged any other clients in the world?—A. As we would charge anybody and everybody on that day.

Q. Have you any contract, any written formal contract between yourself and the Interior Department or the War Department, or is it simply a letter?—A. No, we haven't any contract; we get instructions, sometimes expressed in written form for various phases of the work, but there is nothing else than that, I went down to see Mr. Garfield when I made our first arrangement and there was nothing written at that time. Afterwards we got those commissions, that is in the nature, I suppose, of a contract.

Q. But you never had a formal contract drawn up and executed?—A. We would not object to have it, but we haven't got it.

Q. It is almost impossible for you to do it, isn't it, to get a formal contract?—A. Certainly.

Q. In all your business experience you have never had one?—A. Oh yes.

Q. Have you had any contract beyond the correspondence?—A. With our clients, but we haven't with the government.

*By Hon. Mr. Foster:*

Q. You have made contracts with your clients?—A. Sometimes, yes.

*By Mr. Maclean (Lunenburg):*

Q. Do I understand you have made formal contracts?—A. Written letters in which they acknowledge—

Q. That is what I mean, but beyond letters there is nothing?—A. There would be nothing beyond that.

Q. Have you any samples of letters that you would write to your clients making propositions which they would accept, as you have just referred to; if you have I would like you to read them?—A. You will realize I do not like to do this, I do not like to expose my clients affairs.

*By Hon. Mr. Foster:*

Q. Leave out the name?—A. That is easy. (reads).

'JULY 12, 1907.

'DEAR SIR,—Referring to our conversation of July 8, and your letter of July 11—'

*By Mr. Maclean:*

Q. Have you any substantial objection to giving this information? If they are American clients I should think it would not matter much.—A. I do not like to seem to drag the affairs of my clients into the papers.

Hon. Mr. BRODEUR.—Can't you give us the names of some Canadian clients?

*By Mr. Maclean (Lunenburg):*

Q. I would like to get the remainder of that letter which you commenced to read. You can go on, leaving out the name.—A. (continues reading):—

'We shall be glad to serve you on the following terms:—

All of our accounts are rendered and are payable the first of each month for the services and expenses of the preceding month. Our charges are made entirely upon a per diem basis, and in addition to charges for services, we bill actual out-of-pocket expenses for travelling and hotels. All time spent on your work, either at your plant or our offices, is charged. The rates for those members of our staff that we shall probably have occasion to use, are as follows:—

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Mr. Gunn, \$75; Mr. Fawcett, \$50; Mr. Chapin, \$30; Mr. Annett, \$25; Mr. Patterson, \$20.'

Q. Is this a Canadian concern?—A. No, it is at Lawrence, Mass. In answer to that the client wrote back as follows: (reads).

'Messrs. Gunn, Richards & Co.,  
New York.

GENTLEMEN,—I acknowledge receipt of your favour of the 12th, and the information sent as to your method of accounting, &c., and our probable responsibility in connection with the work undertaken for us by yourselves, is in every way entirely satisfactory.'

I have another one here——

*By Hon. Mr. Foster :*

Q. Is it a mere model? Are they all the same?—A. Practically the same, they are a little different, according to the different requirements of the individual concerned. These are not written according to any set form. This (indicating another document) letter goes into rather more details of what we are to do.

*By Mr. Maclean (Lunenburg):*

Q. Is this a Canadian client?—A. Yes. (reads).

'Our bills are sent and are payable the first of each month for the services of the preceding month, and in addition to the charges for the time of our staff we charge our clients with the actual out-of-pocket expenses for travelling and hotel.

Our rates vary from \$15 to \$75 per day, according to the men assigned to the work, the major portion of the work, is, however, done by men at the lower rates of from \$15 to \$25 per day; the rate of \$75 only applies to Mr. Gunn and Mr. Richards, and their work is largely in the nature of consultation and supervision.'

In reply to that our client wrote. (reads):

'We are of the opinion that it will be wise to go ahead with the system, such as you recommend, and we therefore accept your proposition to install this system; bills to be rendered monthly for the work done by you.'

This is dated June 6, 1907.

*By Mr. Maclean (Lunenburg):*

Q. The letter you have just read is from a Canadian client?—A. Yes.

Q. You did perform the services referred to in that letter for that client?—A. Yes, and it was entirely satisfactory as far as I know.

Q. You know the letter of July 25 which has been referred to in this connection, namely, Mr. Falconer's letter to the minister. (File produced and handed to witness) that letter, Mr. Richards, you will observe makes no mention of the charges per day, that is the letter of July 25, 1906?—A. Well, of course I did not write this letter, but at the same time the Canadian government was familiar with the rates we were charging, we had been working for them for a year before, and the Auditor General had our bills in his hands for a year before that letter was written.

Q. You consider that your rate of charges was known?—A. Was pretty well established.

Q. That is, established in Canada?—A. I should think so.

Q. And was easily available?—A. Yes, it was right on the records here.

Q. And I suppose you considered the various departments knew of them?—A. They were easily got at if any dispute arose.

Q. And what that letter means by 'schedule of rates,' is simply the rates you had charged?

Mr. LENNOX.—That is hardly fair.

Q. That letter means simply the rates which you would charge any other clients

in Canada or in the United States?—A. Of course we knew what our schedule of rates was and it was, as far as we can make it, uniform to everybody.

Q. Now these services were charged at the same rate as you charged on the I. C. R. audit, practically?—A. The I. C. R. was not an audit.

Q. Well, whatever it was?—A. Yes, the same rates we were billing the I. C. R. for services.

Q. That is the I.C.R. charges were according to your schedule then in existence?—A. Very much in existence, we had been paid for them.

Q. And the charges of the Marine and Fisheries Department were the same?—A. We simply stated we should charge the same rates.

Q. Your rates vary a little, I suppose?—A. A little.

Q. What causes them to vary?—A. Sometimes a man strikes for more salary and we have to put his rate up, and sometimes, as his experience widens, he becomes worth more, and we think we can keep him busy on that particular kind of work, and we put his rate up, and of course the clients have to pay it.

Q. Your charge for work for any department, or anyone depends upon the nature of the work?—A. Very much and the rates of the higher priced men are sometimes the cheaper.

*By Mr. Crocket:*

Q. Does duration of service affect the rate?—A. No, not at all.

*By Mr. Maclean (Lunenburg):*

Q. I want to ask you a few questions about the charges for travelling and subsistence. On what principle do you charge for travelling?—A. The client pays the bills generally.

Q. That is the general rule?—A. Yes.

Q. Now, for subsistence, what is your general practice?—A. The same thing.

Q. The same thing, the client pays for the subsistence?—A. Yes.

Q. That is hotel expenses?—A. Whatever a man has spent if it is not unreasonable.

Q. In the case of the Marine and Fisheries Department there appears to be some dispute between Mr. Falconer and the department. You will notice there is a flat rate for the Marine and Fisheries Department for subsistence?—A. Yes, and to show you how that first came to my attention—

Q. Mr. Falconer states that that was his understanding with the Deputy Minister of Marine and Fisheries?—A. Here is a copy of his letter, the first intimation that we had in New York on this question of per diem rates—an allowance I mean for subsistence—was when Mr. Falconer wrote us as follows:—(reads):

Ottawa, December 14th, 1906.

'Messrs. GUNN, RICHARDS & COMPANY,  
43 Exchange Place,  
New York, N. Y.'

CONTRACT 290—

GENTLEMEN.—To render my account and make collection on the above, I am to bill the government with our charge for services—actual transportation expenses incurred—and a per diem allowance for each member of our staff covering the days spent travelling in Ottawa, and at the different branches of the department.

To secure the information necessary to make up my account, I wired you last night as follows:

'Wire me quick, number of days each man on 290 up to November 30th.'

'From your code telegram received to-day, I judge you did not correctly interpret my request. You state that the information is 'for the purpose of verifying' my figures, and also state 'Gunn one day.' I am not aware that Mr. Gunn has spent any time on this contract outside of New York, and therefore I hesitate to make up my account on the information contained in your code message.'



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This letter should reach you Monday morning and immediately on its receipt, will you wire me to Montreal the following information:

1. Total expenditure on account of this contract up to 30th November for transportation, this including sleepers and parlour car seats but no other expenditures.

2. Number of days each employee who has worked on this contract has spent either travelling, or in Ottawa, or at the different branches and agencies of the department.

On receipt of the information asked for, I will at once render my account and have little doubt I will be able to secure immediate payment. The per diem charge for subsistence for various members of our staff, I will arrange with the deputy before making up the account. In view, however, of recent conversations with both Mr. Gunn and Mr. Richards, I purpose accepting his suggestion of \$4 and \$3 per day.

I trust I have made quite clear the information necessary before I can make up this account and present it, and will expect to receive by wire the figures required on Monday or Tuesday.

Yours very truly,

Q. That is a letter from Mr. Falconer?—A. That is the first intimation we had on the subject of an allowance for expenses.

Q. That is from Mr. Falconer?—A. To us.

Q. And from that you gather that he was under the impression that the Deputy consented to this flat rate?—A. Well we got that impression.

Q. You got that impression and apparently Mr. Falconer had the same impression or he would not have written that letter?—A. And we went ahead and rendered our bills monthly.

Q. In any other case of business in that line did you have that rate for subsistence allowance?—A. Only with the Department of the Interior.

Q. The Department of Interior of the United States?—A. At Washington.

Q. What was the rate allowed there?—A. They allowed us \$3 to \$4.

Q. What about the \$5?—A. They did not make any allowance of any kind to the high priced men, but they allowed it in a case of certain men who were doing definite work for a given period of time. They made us an allowance of \$3 and \$4 a day.

Q. And for the \$5 a day men?—A. They paid actual expenses for all the rest of our men.

Now I would like to have your opinion as to this flat rate?—A. It saves money for the Department of Marine and Fisheries. It certainly helps us out in rendering our bills otherwise we would be in trouble here with the Auditor General for things he would not allow to go through. You see we pay our men for all their expenses: tips at the hotel, laundry bills, bus up and down, and all the thousand and one expenses that a man faces when he is on the road. We could only bill the Department for \$3 and \$4 a day although it did not cover the expense.

Q. In the case of the Marine and Fisheries Department's work how did that result for you?—A. We lost money on that part of it.

Q. Have you got any statement showing what you pay your men for subsistence?—A. Yes, I have it here but it is not a very intelligible one (producing statement).

Q. As long as it is correct it is all right?—A. This would show the amount of corrections that we had to make. We were in the habit of sending a bill just as we would pay the man's expense account up to Mr. Falconer. Then he would audit it according to what, from his knowledge of the contract, he could collect. Then we would have to make reverse entries in our books in New York charging back to the expense account the amount we had allowed to the boys in excess of what the government allowed us. In the matter of expenses the amount so paid in excess was \$1,355.45.

Q. That is you paid—A. We paid that much more to the men than we exacted from the government.

Q. On the flat rate?—A. Yes.

Q. What was your experience in connection with the I.C.R. work?—A. They paid our bills.

Q. They paid your bills?—A. Yes.

Q. And did it amount to as much as a flat rate?—A. I have no knowledge. I think it did. That would be our experience. That is not a high rate for our men to travel at.

Q. Now Mr. Richards you have a subsidiary company at Montreal?—A. Yes.

Q. Subsidiary to your company?—A. Yes.

Q. That company is controlled by Gunn, Richards & Company?—A. Yes.

Q. You practically own the stock?—A. Yes.

*By Hon. Mr. Foster:*

Q. Gunn, Richards & Company?—A. Yes. I hold any stock that I have as trustee for Gunn, Richards & Company.

*By Mr. Maclean (Lunenburg).*

Q. Your New York corporation owns the Canadian company practically speaking?—A. Sure.

Q. The shares held by Mr. Alec Falconer and Mr. William, are in trust merely to keep the organization together?—A. Well they own the stock and I believe that complies with the law up here, but if they want us to pay the stock back for its face value in the form of a cheque we will pay it back without any question about it.

Q. There are two charter members here?—A. Three.

Q. Mr. Falconer is the manager of your Canadian office?—A. Yes, and secretary of the company.

Q. He was in your employ before the organization of that company?—A. Yes.

Q. Did he solicit this work from the Marine and Fisheries Department as far as you know?—A. I believe so. That is what we paid him to do.

Q. And it was through his solicitation that the work was obtained?—A. Yes.

Q. While that letter which has been read, which we will call a contract, is in Mr. Falconer's name, yet it was for the benefit of Gunn, Richards & Co., was it not?—A. Certainly.

Q. For the Montreal firmé—A. It would be for the Montreal Company after its incorporation previous to the organization it was for Gunn, Richards & Company.

Q. It would not be important which office eventually would get the major portion?—A. Falconer thinks it is important, he gets ten per cent out of the profits, but the rest of us don't care.

Q. There is no doubt but that this contract was Gunn, Richards & Company's?—A. Sure.

Q. There is no doubt but that while the accounts were rendered in the name of Mr. Falconer it was Gunn, Richards & Company's contract?—A. Certainly.

Q. Why were the accounts continued to be rendered in the name of Mr. Falconer?—A. Continued?

Q. Yes?—A. Well, they had started that way, and there was no reason to change. It was only a question of our trusting him to handle the money and we did not feel any anxiety about that.

Q. There was no formal assignment of the contract was there from Mr. Falconer?—A. It would never have occurred to us.

Q. You never thought of asking it?—A. We were not having any difficulty whatever as to what became of the proceeds.

Q. In fact Mr. Falconer was your representative and there was no necessity for any formal assignment of contract?—A. Certainly.

Q. Have you got a statement showing the amount of money that was paid to each

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man or group of men employed in the Marine and Fisheries Department work? What I want to get at is how much of the \$30,000 odd dollars was paid to you for instance?—A. Well I have not got it for each man but I have got it for each group of men.

Q. I mean the \$75 men?—A. They got a total out of the department of \$2,100.

*By Mr. Crocket:*

Q. For how many days?—A. It would be 25 days or something like that. I have got the number of days here somewhere, wait a minute.

Hon. Mr. FOSTER.—That, at the schedule rate of \$75, is Gunn, Richards & Company—

*By Mr. Maclean (Lunenburg):*

Q. You mean not Gunn, Richards & Company, but Mr. Gunn and Mr. Richards, the \$75 men obtained \$2,100 for expenses, is that it?—A. The total amount paid for anybody's services at \$75 a day was \$2,100.14.

Q. The \$75 a day men received \$2,100.14?—A. That is right.

Hon. Mr. FOSTER.—I don't understand that, would you mind making it plain. The men who were contracted for here at \$75 were paid by Gunn, Richards & Company at the rate of \$75, is that it?

Mr. MACLEAN (Lunenburg).—What I mean is this: The men whose services were sold by Gunn, Richards & Company to the Marine and Fisheries Department at \$75 a day drew altogether \$2,100.14.

Hon. Mr. FOSTER.—For how many days?

The WITNESS.—For all the days they were working.

Mr. MACLEAN (Lunenburg).—That is a matter of division.

Hon. Mr. FOSTER.—Why not get the amount he paid them per day?

The WITNESS.—You have got that, \$75.

The CHAIRMAN. What Mr. Foster means is the amount you actually got from the company.

Hon. Mr. FOSTER.—That is what I want.

*By Mr. Crocket:*

Q. How many \$75 a day men were engaged on the work?—A. Two, one of them only two hours.

*By Mr. Maclean (Lunenburg):*

Q. One was Mr. Gunn, the other was yourself?—A. Certainly.

Q. And the charges made against the department for their services at that rate for the whole of the work done was \$2,100.14?—A. For services; out of all the money that was paid for services on this contract, the men that were charged at \$75 per day got only \$2,100.

Q. And they actually worked that time?—A. Why certainly.

Q. The \$50 a day men form the next group?—A. \$2,030.35 was paid for the \$50 a day men.

Q. Now the next group of men?—A. \$5,888.54 for the \$40 a day men.

Q. The next grade, \$30 men?—A. \$5,759.18 for \$30 men.

*By the Chairman:*

Q. That is up to a date subsequent to the end of March last?—A. Yes.

The CHAIRMAN.—That goes beyond the accounts now before us.

*By Mr. Maclean (Lunenburg):*

Q. What is the next grade, the \$25 men, what does that amount to?—A. \$3,037.14 for \$25 a day men.

*By Mr. Crocket:*

Q. Are these the amounts that your company received from the department for services rendered?—A. Yes.



*By Mr. Maclean (Lunenburg):*

Q. Go on, right through the list, please, Mr. Richards?—A. The \$20 a day men received \$3,454.27; the \$15 a day men received \$9,887.61; and for the services of stenographers at 50 cents per hour of \$3.50 per day the amount is \$309.28.

Q. That is taken from your books, is it, that is a statement prepared in your office?—A. Yes.

Q. Is that what you have actually received or what you have billed the department for?—A. That includes what we have not yet been paid.

Q. What is the total for services?—A. \$32,524.55.

Q. Which grade of men received the greater proportion of that amount?—A. The \$15 a day men.

Q. How much did they receive?—A. Practically \$10,000, it is \$9,887.61.

Q. And the \$20 a day men, what did they receive?—A. \$3,454.27.

Q. And the \$25 a day men?—A. \$3,037.14.

Q. And the \$30 a day men?—A. \$5,759.18.

Q. And the \$40 a day men?—A. \$5,888.54.

Q. And the \$50 a day men?—A. \$2,030.35.

Q. And the \$75 a day men?—A. \$2,100.14.

*Hon. Mr. Foster:*

Q. Does that include one-half of the time when travelling?—A. I think it does, yes—I am not sure about that now; wait a minute.

*By Mr. Maclean (Lunenburg):*

Q. I am told that that statement does not correspond with the Auditor General's Report, it is not as large?—A. Of course no expenses are covered in these figures, this does not include the expenses.

*Hon. Mr. Foster:*

Q. Mr. Falconer bills the department for half time for travelling, is that included in the amount you have given us —A. I do not know how this is made up exactly, but I know that there are also \$8,000 or \$10,000 expenses that are not in those service figures, which are simply for services.

*By Mr. Maclean (Lunenburg):*

Q. What work did you do in this matter for which you charged \$75 per day?—A. I worked out the original scheme.

Q. You came to Ottawa?—A. Yes, I came up here.

Q. And went through the department?—A. With Cooley and Russell and Falconer, after they had had a chance to study the records, we consulted together, and laid out this scheme.

Q. Mr. Russell was in consultation, he was a \$50 man?—A. Yes.

Q. Mr. Falconer was the next man, what was his work?—A. He was to boss the boys and see that he got results out of them.

Q. Mr. Falconer was in charge?—A. Sure, somebody has to be boss. Anything that came up requiring to be investigated he took charge of it, and many things come up that we would not care to have investigated publicly and we require to have a man there to look after matters of that kind.

Q. That was confidential work?—A. Exactly.

Q. And what was the work the \$30 man did?—A. That was Leland, he went around the agencies and laid out the whole scheme for safeguarding the stores getting costs, putting in systems for recording the receiving of material and the distribution of it, and safeguarding it in every way that accountants can safeguard stores. He visited, I think all the agencies except Victoria.

Q. He visited all the agencies—now the \$25 men did what work?—A. The \$25 men are probably the certified public accountants who had charge of the work, of writing up an entire set of books for the department for nine months.

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Q. And the \$20 and \$15 men?—A. They were under him, they were juniors.

Q. You were in the room here the other day when some questions were asked about the salary of Miss Moulton, as stenographer?—A. Yes.

Q. You have billed the department \$3.50 per day for her services and she was paid \$50 per month. In what office was she working?—A. She is a stenographer in the Montreal office.

Q. You make that rate of \$3.50 per day for stenographers, no matter what you pay them?—A. Any report that goes out of our office is supposed to be quite accurate and done in standard fashion. It does not make any difference to us whether it is a \$25 or a \$15 girl who actually does the work, that makes no difference to us, we make a uniform charge.

Q. Do you pay any of your stenographers more than \$3.50 a day?—A. We pay two in the New York office \$25 a week—some of these reports were written in the New York office.

Q. Some of these for whom you are charging \$3.50 per day were actually receiving more from you than you were receiving from the government for this work?—A. Yes.

*By Hon. Mr. Foster :*

Q. There is, as I understand it, no charge for stenographers making out reports with the exception of those who are charged up each day?—A. They worked right here in Ottawa.

Q. There were no stenographers charged to the Government outside of those?—A. Yes, I suppose all these \$3.50 rates are outside of those two girls that worked right here in Ottawa, they were billed at just what we paid for them and appeared as an expense account.

Q. Then these \$3.50 people are stenographers in your office?—A. They are all New York stenographers, with the exception of Miss Moulton at Montreal.

*By Mr. Maclean (Lunenburg):*

Q. You pay the New York stenographers a weekly salary in excess of what you bill the government?—A. No doubt, we do not expect to get back any more just the time the girls are on the work. We pay girls \$15 per week and some \$25 per week, and we average it up and a fair price is 50 cents per hour.

Q. Now, your firm did work for the Intercolonial Railway?—A. Yes.

Q. That work is completed?—A. Yes.

Q. What did you charge the department for your services?—A. \$75 per day.

Q. Did Mr. Gunn work on it?—A. I do not know whether Mr. Gunn had anything to do with the Intercolonial, I can't remember.

Q. If he did what would he be charged at?—A. He would be charged at \$75 per day if he did any work.

Q. You did work on it?—A. Yes.

Q. And were paid \$75 per day?—A. Yes.

Q. Were you chiefly in charge of that work?—A. I was more in charge of that work than of the Marine and Fisheries.

Q. Was Mr. Stevenson engaged on that work?—A. Yes, he and I made the first inspection of the road and we had first interview with Mr. Butler.

Q. And he charged \$75 per day?—A. We charged \$75 per day for him.

Q. That is what I mean. There is a Mr. Hines worked on that road, do you remember what was charged for him?—A. \$50 per day, probably.

Q. And Mr. Russell?—A. He is a \$50 a day man.

Q. Did he work in the Marine and Fisheries Department?—A. Yes, he did, but I don't think he worked for the Intercolonial.

Q. Well, he is down for just two hours' work, that is all, at the rate of \$40 per day. What did he charge the Marine and Fisheries Department?—A. His regular rate is \$50 per day.

Q. At the time his work was done in the Marine and Fisheries Department his regular rate was \$50?—A. Yes.

Q. Is that the regular charge you make for his services?—A. Yes.

Q. Have you any explanation why it was \$40 for the Intercolonial?—A. For two hours' work?

Q. Yes?—A. No, I have not. Probably his rate was \$40 at that time, but I do not think it was, I think it has been \$50 for several years, but I am not sure about that. There was a time when we charged \$40 a day for him.

Q. Well now on the Intercolonial work Mr. Falconer was paid at the rate of \$30 a day, or at least he charged that amount?—A. That would be for a different reason. He was in responsible charge up here but he had not any special railroad experience, did very little work for the Railways and Canals Department and was not in charge.

Q. He was not in charge? Well, what was the reason of his being paid \$40 for the Marine and Fisheries Department work and \$30 for the work on the Intercolonial Railway.—A. Because he saved the department from spending that time and more money for \$75 a day men.

Q. It was due to the fact that he was in charge?—A. His regular rate was \$40 a day and if they paid him \$30 a day on the Intercolonial it was for some peculiar reason.

*By the Chairman:*

Q. In one department he was doing the work of a \$40 man and in the other the work of a \$30 man?—A. We very often pay men in that way. If we have a man whose rate is \$25 a day and have work that we want him to do that is really junior work, we won't bill him to the clients at more than \$15; he is only doing junior work. Take the case of Cooley on the Intercolonial. He is not a railroad accountant although his rate is \$25 a day. We sent him to the Intercolonial at his own request; he wanted to get some railroad experience. He was a good man for the job and we sent him up there.

Q. What did you charge for him on the Marine and Fisheries Department work?—\$25 a day.

Q. That is the amount you charge for him everywhere?—A. That is the amount we charge for him everywhere.

Q. Mr. Leland was on the I. C. R. work also?—A. Leland actually did nothing for the I. C. R. except make a report on the shop. The report was never made use of so far as I know.

Q. He is down at \$25 a day?—A. His rate is \$30 a day. He has probably been raised in there somewhere. There was a date when we charged \$25 for him.

Q. This is the explanation as to the charge made for him?—A. The best explanation that I can give.

Q. Mr. Annett was also on the Intercolonial Railway work. You charged for his services at the rate of \$15?—A. For how much time?

Q. Just one hour?—A. He drew some form for one of the boys' junior work and had a junior rate. I know he did not do much work at \$15.

*By the Chairman:*

Q. He is not down on this list?—A. He is on some list for one hour.

*By Mr. Maclean (Lunenburg):*

Q. He is down for \$25 for work in the Marine and Fisheries Department?—A. Yes, I know that is his rate.

Q. That is what you would charge anybody else for him?—A. I cannot understand why he was charged for at \$15.

The CHAIRMAN.—In the report there are only two \$25 men, Paré and Cooley.

*By Mr. Maclean (Lunenburg):*

Q. That was Annett's rate \$25?—A. Yes.



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Q. Was that his rate when the Intercolonial work was going on?—A. I don't know. I don't think it was as low as \$15. It is within the scope of these two contracts.

Q. Mr. Cooley is charged at \$25 for Marine and Fisheries Department work and \$15 on the Intercolonial Railway. You say that he did a little junior's work?—A. On the Intercolonial work he acted as a junior.

Q. Now, Mr. Richards, we will get along to the work in the Marine and Fisheries Department. What work was done in that department by your staff?—A. Do you want me to read it?

Q. Well, you cannot do that. There was a report which epitomizes the substance of all the former reports. What is the date of the report you have there?—A. September 16th, 1907.

*By Mr. Maclean (Lunenburg):*

Mr. Chairman, at some later stage I am going to move that that be printed as part of the minutes.

*By the Chairman:*

Q. That is a report made by whom?—A. It is a résumé of our work for the Marine and Fisheries Department. It includes an audit of the books for the year. Do you want me to summarize what we did?

*By Mr. Maclean (Lunenburg):*

Q. Yes?—A. Anybody can read it, that is all that is necessary.

Q. You stated a moment ago that when you came to Ottawa first you did so in company with Mr. Russell and Mr. Falconer?—A. That was not my first trip to Ottawa.

Q. I mean on this work, of course, I am not referring to anything else. What did you do?—A. We had consultations on this problem.

Q. Did you go through the various offices of the department?—A. They had been up here for sometime getting together information on the condition of things.

Q. Did you go through the books?—A. I did not personally.

Q. Have you an idea of what condition the books were in?—A. Pretty fair.

Q. What is your opinion as to their condition at that time?—A. Pretty bad.

Q. Was it a good system of book-keeping?—A. It was not.

Q. Would you call it a system of book-keeping at all?—A. No, there was not any system to it.

Q. Was it possible to get accurate book-keeping under that system?—A. No.

Q. Could there be a loss of money, or property, or mistakes made in accounting by that system?—A. There could be.

Q. What was the system?—A. I will have to get some of the men to give you that information if you want it outside of this report, because I could not remember, I could not give you a decent analysis of what was the system. The books were kept in single entry.

*By Mr. Sproule:*

Q. Did you find that there was any actual loss on account of this system?—A. Nothing that we discovered.

Q. Not that you could tell?—A. Not that we discovered.

*By Mr. Maclean (Lunenburg):*

Q. Do you prefer not to give me any evidence as to the merits or demerits of this system?—A. I don't believe that you gentlemen want it but if you do it exists in our reports. If you want it outside of the report I will have to get Cooley to give it to you because he could do so intelligently; I am not prepared to do so.

Q. You say it was a system of single entry?—A. Will I read the first eight pages as to what we found when we came here.

Q. Was it a single entry system?—A. A single entry system of book-keeping not susceptible to proof. Where you cannot prove a system of books there are always chances of errors and loss of money. Is that enough?

Q. That will be enough on that question. Did your staff open a new set of books?—A. They wrote out a new set of books.

Q. When did your men go to work?—A. Give me the dates? The period began with the first of June.

Q. First of July?—A. And we were three months behind when we started. It must have been September.

Q. That is you opened up a new set of books and you went back to the beginning of the fiscal year which was 1st July?—A. That is right.

Q. Did you go through all the vouchers and records?—A. We made a complete set of books.

Q. You made a complete set of books?—A. Absolutely.

Q. Going back three months, right from the original records?—A. We had to go to the Auditor General's office in order to get a complete set of records.

Q. So you went back to the 1st July and wrote up a complete set of books?—A. We kept a set of books for nine months and at the last we were educating the clerks on that system.

*By Mr. Blain:*

Q. Who supplied the books?—A. The government bought them.

*By Mr. Maclean (Lunenburg):*

Q. The old system of book-keeping was kept up right along?—A. They did not let their system go while we were writing up the new system; I suppose they did not have confidence in it. We were three months behind at the start so they kept their own books and for nine months there were two sets of books.

Q. Can you give me an idea briefly what other work your staff did?—A. Well in writing up this set of books we verified vouchers for expenditures, saw that the signatures were correct, and that everything had been carried out accurately, and this resulted practically in an audit of the books for that year as to all expenditure. Then we visited every agency looking into safe-guarding the stores, the method of receiving them, the method of distributing them, and re-arranging the duties of the employees. Then we thought it was necessary to put in systems for reporting these various agencies to the Ottawa head office, that is at the places where there was any manufacturing, we put in cost systems and educated the men in responsible charge to know how to make use of that cost information for the purpose of reducing costs as time went on.

*By Hon. Mr. Foster:*

Q. It would be good for the committee if Mr. Richards would just give us an idea of what he means by establishing a 'cost' system—just an outline of what it is.

The CHAIRMAN.—Yes, how does it get that name?

Hon. Mr. FOSTER.—What do you do?

—A. Any article that is manufactured costs the material that goes into it, and that is affected to some extent by the waste, the direct labour that is employed in producing that article, and it costs its proportion of heat, power and light and all what we term 'overhead charges' indirect expenses, waste labour moving stuff around the works, everything that enters into the conduct of that business contributes, to some extent, to the cost of that one article. A proper 'cost' system should show exactly what proportion of all this indirect labour is attributed to that one article, that is produced, so that when you are in competition with your neighbours and find that they are bid-

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ding pretty low on work, if you absolutely know what your goods cost you and that you cannot turn them out at that price you can let the other fellow have the order. If he is losing money on it you know the end will come soon.

Q. It is divided into three heads?—A. Material, labour and overhead expenses.

Q. That takes in everything?—A. It is a great problem to get a system to absolutely take in everything so that, when a man gets the cost he knows he has everything covered. Then that cost information can be assembled and presented to the superintendent in twenty different ways and there is some one way that is more logical in regard to that particular plant than any other way. To enable the superintendent to get the benefit of the cost information which is useful for the purpose of reducing the cost of manufacturing, and of course it is well for him to know when it is advisable to pay for a certain portion of the work on a piece-work basis instead of by day-wages for the reason that when a man has an opportunity of becoming a partner with his employer he will endeavour to make his efforts more productive. This is shown him by a proper 'cost' system, and if you can get twice as much per day out of a machine than you got out of it before by paying a man even twice as much wages, remember that you still have a large saving, because your proportion of overhead cost is distributed over a double quantity of production, this is the science of cost of production. We study nothing else, consequently we can get results much more quickly than the superintendent of a factory whose whole time is practically taken up in looking after the work of his factory.

*By Hon. Mr. Foster:*

Q. In order to get at that, for instance, when you went to Sorel you would find all that material by an examination of their books?—A. We could find what they were doing.

Q. By an examination of their accounts?—A. And we studied to so improve the system that it would safeguard the stores and make a complete story—I never went to Sorel, remember.

*By Mr. Maclean (Lunenburg):*

Q. I notice by your report that you established a card index?—A. We established a card index for the purpose of preventing the duplicate payment of vouchers. This should be amplified to carry information of all vouchers and thus provide a purchase system by which a purchasing agent could gain a knowledge of prices and see that they were not greater than they ought to be.

Q. Let me ask you for your opinion, we want something for nothing now, Mr. Richards—from your knowledge of the work of the department is it your opinion that the department should have a purchasing agent?—A. I think so.

Q. You think it should have one man as purchasing agent?—A. Sure.

Q. With what duties?—A. I am not the minister, I think the minister should outline his duties.

Q. But what would be the advantages of it, in your opinion?—A. He should assemble all information of purchasing done and have the control in order to prevent the payment of unusual prices in places where excessive prices might be charged without being detected. I think it could be made a very valuable department. There are a great many things that the department buys, that if they were bought by one man in quantities you would get cheaper than if forty men bought them at forty different places. They could be bought in quantities and distributed as required, that is my judgment.

Q. Couldn't you save by buying through a purchasing agent?—A. I think a purchasing agent can make a saving there.

*By Mr. Blain:*

Q. Will your system increase, or decrease the number of employees?—A. I think there has been no reason for an increase in any respect.



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Q. Has there been an increase?—A. I do not know about that.

Q. Will the adoption of your system increase or decrease the price of any work?—

A. In the Department of Marine and Fisheries it will not increase clerical work. The men are willing and they are abundant. There are enough of them, and they are willing to follow up the work in order to increase the efficiency, they will all respond to a little spur and there isn't any reason to increase it. I think, in fact, it will reduce it. But in a great many places, where we find absolutely no system at all to start with, putting in the system will increase the clerical cost, you can't help it. Sometimes it works out differently, but in the end it proves economical.

*By Mr. Macledn (Lunenburg) :*

Q. I notice reference to an advance ledger, which you opened; what was the purpose of that?—A. We did not open an advance ledger, there was an advance ledger and we simply brought it under the double entry principle, so that the contents of the ledger was safeguarded. We get a balance at the end of the month now and an entry has to go through the books before anything can be taken out of that account. Previously it was kept on the single entry principle and a man might take something out of it and it could not be detected at all, now it is on the double entry principle.

*By Mr. Reid (Grenville) :*

Q. There is no possible way of detecting an error in a single entry system?—

A. Unless it is a question of the book-keeper's memory.

*By Mr. Maclean (Lunenburg) :*

Q. Going through the reports I notice you made an extended report upon the personal property of the various branches. What condition did you find this in? That is, as to the department's knowledge of it?—A. Well, it was generally a question of the honesty of the individual that was nearest to the material.

Q. There was no sufficient or complete record of it?—A. There was no complete record, no, and there should be.

Q. And you recommended changes—now what was your recommendation in that regard?—A. We have established a 'Stores Account.'

Q. At what point?—A. At every one of the agencies except Victoria, and receiving accounts and distributing accounts have been opened, so that any auditor or agent of the department who goes to any of these branches can verify the quantities on hand and have something to go on by.

*By Mr. Bennett :*

Q. Where are the agencies?

*By Mr. Maclean (Lunenburg) :*

Q. Give us the number of agencies, Mr. Richards, please?

Hon. Mr. BRODEUR.—Halifax, St. John, Quebec, Charlottetown—

Mr. MACLEAN (Lunenburg).—Perhaps it would be better for the witness to give them.

Hon. Mr. BRODEUR.—Perhaps he has not got them.

Mr. MACLEAN (Lunenburg).—He has got them somewhere.

The CHAIRMAN.—The minister knows better.

Hon. Mr. BRODEUR.—Halifax, Charlottetown, St. John, Quebec, Montreal, Parry Sound, and Vancouver.

*By Mr. Maclean (Lunenburg) :*

Q. Can you find the names?—A. Why, yes; Parry Sound, Prescott, Montreal, Sorel, Quebec, the supply ships, St. John, Halifax, Pictou, Victoria. That is all.

Q. What you mean is that at these various points the government have manufacturing agencies, or something of that kind, they have shops there?—A. Well I should

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say that we have done something at these different places in connection with putting in accounts. That I think is covered by the purpose of this report. I have not been to all these places.

Q. You put in accounts?—A. Yes.

*By Mr. Bennett :*

Q. Is there manufacturing at all these places?—A. There is manufacturing at Prescott and Sorel.

*By Hon. Mr. Brodeur :*

Q. And at Halifax?—A. Is there at Halifax?

*By Mr. Maclean (Lunenburg):*

Q. Did you find any particular instances of insufficient records of government property or assets at any of those agencies?—A. Well, I am going to read from our report (reads):—

‘We wish to point out to you particularly, that when we started work for the department at agencies and branches, there were no proper stores records of any sort, consequently the stores were without any safeguards whatsoever in the matter of accounting, and at a good many of the agencies there were no physical safeguards; material being stored in yards open to the public, and through buildings open to a large number of employees. Moreover, there was no assurance that the materials paid for were received; received either as to quantity or quality. In a good many instances, the quality of important materials has been noticeably bad; even of materials so important as plates for making steamer renewals and repairs. As to quantity, there is no doubt whatever, that the department has paid for materials which were never received.’

*By Mr. Bennett :*

Q. What place do you refer to there, Sorel or where?—A. Leland wrote the report and I cannot answer.

*By Mr. Reid (Grenville):*

Q. Leland wrote the report?—A. Yes.

*By Mr. Bennett :*

Q. You have no knowledge of the statements of fact there?—A. Well this report does not state it as a matter of absolute knowledge. It says ‘There is no doubt whatever.’ However, I was at Halifax and I think that statement is pretty true of Halifax.

Q. Were you at Sorel?—A. No.

*By Mr. Reid (Grenville):*

Q. What other points were you at?—A. I have not been in the agency office at St. John.

Q. You were in Halifax?—A. Yes, I was down to Halifax and visited the agency there and got an idea of what was being done.

Q. Is that the only agency?—A. That is the only agency.

*By Mr. Bennett :*

Q. Is that a manufacturing one?—A. No, it was not when I was there.

*By Hon. Mr. Brodeur :*

Q. Yes, at Dartmouth?—A. It was at Dartmouth, yes.

*By Mr. Bennett :*

Q. Is that a manufacturing agency?—A. It seems that it is. I did not think of it though.

Mr. BENNETT.—You are the witness?

Mr. MACLEAN (Lunenburg).—They do not manufacture at Halifax,

Hon. Mr. FOSTER.—I did not know they did. The minister says they do.

Hon. Mr. BRODEUR.—We manufacture at Dartmouth to a small extent.

The CHAIRMAN.—Finish reading the extract from the report.

The WITNESS.—(reads): 'By the methods which we have provided for safeguarding stores and materials, actual records are required which account for materials received, stored and disbursed, and further required that materials and supplies received, shall be distributed only in exchange for suitable requisitions, showing the quantities of material or supplies wanted, and for what purposes wanted. Those requisitions must be signed by the foreman or by some person in higher authority before they will be accepted by the stores clerk. The stores clerk will maintain a record of all stores and materials as received in the stores, and, as well, will show the date, order number, quantity and price at which material is distributed in every instance, so that the value and quantity of all materials is accounted for completely.'

*By Mr. Blain:*

Q. May I ask, are we to understand that when goods went into the stores at any of these points there was no record kept under the old system?—A. No stores record. The result of the new stores system permits the supervision of the operation of cost and saves waste to the department.

*By Mr. Reid (Grenville):*

Q. Have you furnished that report to the department?—A. Certainly.

Q. You have a copy?—A. It is here before the House.

*By Mr. Maclean (Lunenburg):*

Q. You have just read from the report?—A. This is my own copy.

*By Mr. Reid (Grenville):*

Q. A similar copy to that report?—A. Yes, that has been here before for a long time.

*By Mr. Blain:*

Q. I want to ask if the witness knows anything about the Copeland-Chatterton system, that is generally in use in Canada?—A. I don't know.

Hon. Mr. FOSTER.—That is the loose leaf system?

THE WITNESS.—I don't know anything about it. Of course we use all kinds of book-keeping devices, whosoever manufactures them, that are most suitable for the problem in hand. We are simply advisers, not manufacturers of anything; we take no interest in whose supplies we recommend.

*By Mr. Bennett:*

Q. Would not an ordinary business man in the everyday course of business have such an account as you recommend the adoption of?—A. Certainly.

*By Mr. Crocket:*

Q. Was not what you recommended the substitution of the double entry system for the single entry, with the checks which are ordinarily used under the former system?—A. No, not in the stores' accounts at the agency.

Q. Beyond that it was? It was a substitution of the double entry system for the single entry with the checks that are ordinarily used under the former system?—A. That is right.



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*By Mr. Maclean (Lunenburg):*

Q. That was only a small part of the work writing-up the books and establishing a new system?—A. Not so very small.

Q. I mean it was not the most difficult part?—A. No, it was not the most difficult part. It was the getting up all this information that was not being received at all at the agencies and at these places adopting regular precautions and safe-guards so that it should not be lost sight of. As to—

Q. It is a pretty safe thing asking if the government has got value for what it has spent?—A. I would rather you would ask some members of the department. Some of them know something about it.

Q. You say, providing your recommendations are carried into effect, that good service has been given to the department?—A. As I say, I would like to have some of your own men questioned upon that.

Q. Do you think there is any more work to do there?—A. We have been stopped in the midst of our work and did not get a chance to finish it, and we are not satisfied with that state of things.

*By Hon. Mr. Foster:*

Q. What would be involved?—A. The education of the employees, seeing that all the plans we have laid down and the forms which we have provided are absolutely made use of; educating the men in every branch to get out of a thing its best value. The value is lost if full advantage is not taken of it.

*By Mr. Hughes (P.E.I.):*

Q. Is your system in operation here now?—A. I think so, although in the case of a lot of forms at the agencies they are waiting until the end of the year to put them in force.

*By Mr. Crocket:*

Q. What was the reason for stopping it?—A. Mr. Templeman said that he did not believe anybody could get \$75 a day and earn it.

*By Mr. Reid (Grenville):*

Q. He was the one who stopped you?—A. Yes.

*By Mr. Lennox:*

Q. When was that?—A. Shortly after Mr. Brodeur went away.

Q. Did you look into the Canadian steamer's account?—A. Only incidentally. When our men travelled on the steamers they naturally made notes and reported them to me.

*By Hon. Mr. Foster:*

Q. They would be interesting?—A. Some of them would.

*By Mr. Maclean (Lunenburg):*

Q. What other feature of the work of the department do you think should be changed?—A. Oh I could not answer that; I don't know. I may tell you something to-day and change my mind as we get along a little further in the work.

*By Mr. Bennett:*

Q. The principal work done in the office here at headquarters was the substitution of a system of double entry for the single?—A. Writing-up an entirely new set of books and auditing one year's operations.

Q. It was providing for the substitution of a double entry system for the single entry?—A. No, it was making a scheme which would take in the accounts at all the agencies, safeguard them here and deliver the information.

Q. Let us deal first with matters in the office here. It was a substitution of

the double entry system for the single entry?—A. Do not narrow it down, it was broader than that. It was establishing books that would take in information from the agencies and writing them up as intelligently as possible so that at any future time information desired by the minister could be delivered to him in the narrowest scope possible to concentrate the information and place him in a position to know what is going on.

Q. Well now, are ordinary book-keepers to be found who can go into an office and introduce the system of double entry from the single?—A. We find them.

Q. And the commercial colleges turn them out by the thousands, don't they, double entry book-keepers?—A. Yes.

Q. Certainly they do.

*By Mr. Pardee:*

Q. But they do not turn out the class of work you do?—A. Let one of them have the Marine and Fisheries Department to play with and you will see.

*By Mr. Bennett:*

Q. The chief work was to find out the cost of production?—A. The chief thing, I think, that we were available for in this department was to safeguard the property of the department, and to do that we had to prepare a system.

Q. Tell us what that meant, that there should be a book to show what was received?—A. Yes, we proposed that.

Q. And what was done with it in turn—it was pretty high remuneration that a man should get \$75 per day for recommending that.

Mr. PARDEE.—Showing what?

Mr. BENNETT.—Recommending these two books showing what comes in and what goes out.

Q. Was not the main point of your expensive system, because it is an expensive system, really as to the question of cost of production of the article?—A. That is one important thing.

Q. Is not that the great factor that enters into this high price business?—A. You must realize that we have unusual experience in doing things simply—

Q. Now for a few moments let us go on that point—isn't the really expensive point in your system the determination of cost production?—A. Yes.

Q. That is really the essential point?—A. Not to the exclusion of anything else. You may have some operation in a business, and there may be five different ways of doing it, but one way is cheaper than the other four, and the adoption of that one way, instead of the other four right straight through the business means the saving of enough money to pay dividends on the capital stock.

Q. Supposing two men come into your office and one says 'I have a large manufacturing concern and I want a man to go through and find out whether it costs me too much to manufacture my goods.' And another man comes in and says, 'I have a single entry set of books and I want to introduce the double entry system,' what would be the comparative charges you would make to the two men?—A. I would charge probably \$15 per day to the man to change the books, or it may be \$25 per day, if it was a large job.

Q. And what would you charge for the production man?—A. \$40 per day.

Q. You would not charge \$75?—A. Probably not. I might get a few hours at \$75 per day on it, because everything that the \$40 man planned for that man would pass under the observation of either Mr. Gunn or myself.

*By Mr. Maclean (Lunenburg):*

Q. It was not your firm who audited the accounts for the Whitney government a few years ago?—A. No, it was not our firm.

*By Mr. Blain:*

Q. Did I understand you to say you knew nothing about the Copeland-Chatterton

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system?—A. I am ashamed to say that I never heard of it, but there may be ten men working for us that do know about it, I do not know.

Q. Did you never come across the Copeland-Chatterton system in the Public Accounts Department or the Marine and Fisheries Department here?—A. If it is there it has not fallen under my observation, or if it did come under my observation it has passed from me, it is not a matter that fastened itself on my memory.

Q. This system that you have introduced, this 'cost' system, is similar to what you would recommend for a large manufacturing concern?—A. Certainly, it is the cost system we would put in the American Brake, Shoe & Foundry Company or the Pennsylvania Steel Company.

Mr. MACLEAN (Lunenburg).—Mr. Chairman, I would suggest that the report of Gunn, Richards & Co. to the Minister of Marine and Fisheries upon the conditions which they found existing in the department be embraced in the records of the Committee as an appendix to the evidence.

The CHAIRMAN.—There is no objection to Mr. Maclean's proposal. Carried.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

## COMMITTEE ROOM No. 32,

WEDNESDAY, April 1, 1908.

The committee met at eleven o'clock a.m., the Chairman, Mr. Clarke, presiding, and proceeded to the further consideration of the payment of \$31,235.35 to Kenneth Falconer, pages P—77 and 78, Report of the Auditor General for the fiscal year ending March 31, 1907.

Mr. W. B. RICHARDS recalled.

*By Mr. Maclean (Lunenburg):*

Q. I wish to ask you a few more general questions, Mr. Richards. You have there in your hand a letter addressed to one of the officials of the United States army, in connection with the work done in that department by your firm. Will you read it, please?—A. Reads:

'October 17, 1907.

'General JAMES B. ALESHIRE,

'Quarter Master General, U.S. Army,

'Washington, D.C.'

'MY DEAR GENERAL ALESHIRE.—As I indicated when I had the pleasure of calling upon you in Washington, our services are rendered entirely upon a per diem basis, varying from \$75 a day for the time of the writer to as low as \$20 a day for junior members of our staff. For Mr. Mulliken's and Mr. Scovell's time the rates are \$40 and \$25 a day, respectively. In addition, we charge all hotel and travelling expenses incurred on behalf of the client. We have never found it possible to determine an exact sum for any given service, and much prefer to leave with the client the privilege of discontinuing our services at any time rather than have him obligated for a pre-determined, large fixed sum.

'Yours very truly,

'GUNN, RICHARDS & CO.,

'J. N. GUNN.'



Q. That was the only paper, the only writing, which you had—and which might be termed a contract—which you had with the United States War Department?—A. That is right.

Q. And that corresponds with the letter written to the Minister of Marine and Fisheries by Mr. Falconer, which is the letter of July the 25th, except that the figures are not stated?

Question objected to by Mr. Lennox on the ground that the letters speak for themselves.

Q. What is the difference between that letter and the letter written to the Minister of Marine and Fisheries?—A. This letter recites the rates and the other letter did not.

Q. But the other letter—to the Minister of Marine and Fisheries—referred to the schedule of rates?—A. It referred to the same rates.

Q. How many working days do you have in the year in your office, or what do you calculate on?—A. Charging on the per diem basis, there is a theoretical possibility of charging 267 days in the year—that leaves out Sundays, half Saturdays and holidays. We do not accomplish that—I mean as to actual practice.

Q. Yes?—A. We are unable to keep our men busy for 267 days out of 267 possible days. Last year the average for which we got a chance to charge our clients in one way or the other was 202 days—that is, on the average.

Q. Your firm have done some work for Canadian clients, have you not?—A. Rather.

Q. Will you please give me the figures which were charged for the several men detailed for Canadian work?—A. Mr. Annette worked for one client in Canada at \$25 a day.

Q. What firm was that for?—A. I thought we decided that we would not have to do that.

Q. Have you any objection to giving the name of your client?—A. I tell you I would rather not mention the names of my clients unless it is to serve some purpose.

*By Hon. Mr. Foster:*

Q. It was a business corporation, was it?—A. Yes; I am perfectly willing to show the Chairman the name.

*By Mr. Maclean (Lunenburg):*

Q. What name was that?

Mr. BENNETT objected to the question.

The CHAIRMAN.—The witness does not care to give the name, will you press the question?

*By Mr. Maclean (Lunenburg):*

Q. Go on: the first name you mentioned was?—A. Mr. Annette, \$25 per day.

Q. You charged for his services \$25 per day to a Canadian client?—A. Yes, a Canadian client located in the eastern part of Canada. Mr. Acton, \$30 per day; Mr. Morse, \$15 a day for a client located in the western part of Canada. We charged \$50 a day for Mr. Russell to a client located away up in the northeast. For Mr. Larkin \$25 per day at Montreal; Mr. Russell, \$50 per day; Mr. Acton, \$30 per day for a client also in Montréal, and Mr. Larkin \$25 per day for still another client. I do not know just where he is located.

*By the Hon. Mr. Foster:*

Q. Have you any objection to stating how many days they worked at those rates?—A. Well, this job has covered five years at Goldie & McCullough's—I did not mean to mention the name.

*By Mr. Lennox:*

Q. You audit their books?—A. We audited the books and put in a cost system generally.

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Q. You audit the books and see that the cost system is operated,—A. Yes, in doing so we naturally see that our system is kept in operation.

*By Mr. Reid (Grenville):*

Q. You are employed annually as auditors?—A. Yes, that is the present situation.

Q. You are paid a certain amount each year for auditing their books?—A. Yes and, as I say, in doing that we see that the cost system is kept up.

*Mr. Maclean (Lunenburg):*

Q. These are cases where there were special 'costs' to work out. It was not for an annual rate?—A. No, these are at per diem rates.

Q. I made a statement in the House of Commons the other night which was said not to be correct. I'll tell you what it was, it may have been a foolish one, but I said there was no firm in Canada which could have performed the work that your firm did in connection with the audit, or whatever you call it, of the Marine and Fisheries Department. Would it be fair to ask you for your opinion concerning that statement of mine?—A. Well, there is not any firm in Canada that has both an accountancy and engineering staff, as far as I know, of any size without regard to what experience they may have had, and in this particular character of work experience counts.

Q. Another thing I want to make clear, Mr. Richards, is this, was your work in connection with the Marine and Fisheries Department merely an ordinary question of accounting which could have been performed by what we call chartered accountants,—A. No, it was not.

Q. It was not a problem of that kind at all?

Mr. LENNOX.—He does not say that it wasn't 'at all' a problem of that kind.

*By Mr. Maclean (Lunenburg):*

Q. Was the major portion of it merely accountant's work?—A. Why I suppose that one half the money that we have received from the Department of Marine and Fisheries was for accountancy work.

Q. About one half. Some question arose yesterday before this committee concerning a statement you made with reference to the Sorel branch in your evidence the other day. Mr. Bennett, a member of this committee, thought you made a reference to the shipyards at Sorel?—A. No.

Q. What did you refer to when you spoke of the Sorel branch?—A. The branch of the Marine and Fisheries Department located at Sorel hasn't anything to do with the shipyard. We did some work for the Sorel shipyard, under Mr. Desbarats, but that work was paid for by the Sorel shipyard direct, and it has not come under this examination so far. We found the different accounts there in very good shape, and we put in a cost system for them.

*By Mr. Lennox:*

Q. You are speaking now of what?—A. Of the Sorel shipyard, which is a branch of the Marine and Fisheries Department.

*By Mr. Maclean (Lunenburg):*

Q. You are referring now merely to the agency at Sorel, and not to the Sorel shipyard?—A. That is right.

*By Mr. Blain:*

Q. Do you say that one half of the work that you did could have been done by accounting firms in Canada,—A. I said that one half of the money that we received from the Marine and Fisheries Department was for accountancy service. The character of that work could be performed by accountants, yes—to make it—

Q. It could be performed by several accounting firms in Canada, I presume, who do that work and make a speciality of it?—A. Yes, but to make it dovetail in with

the rest of the work, to get it to dovetail in with the rest of the work economically, it would not be possible for an outside firm, say, to have done that particular work, and we attempt the production engineering work apart from the other.

Q. The other half is what you call production engineering?—A. Exactly.

*By Mr. Reid (Grenville):*

Q. That is simply the cost?—A. Not simply the cost, but the safeguarding of the stores and all practical questions that come up in connection with the organization, all that falls in with the experience that a production engineer gets.

Q. In the Marine and Fisheries Department was the work, such as you say, production engineering, was it not the same kind of work as would be necessary in a large manufacturing plant?—A. Very much, yes.

Q. Well, as in any large manufacturing plant?—A. I mean that a large manufacturing plant would be entirely manufacturing, this is a good deal of it, distributing.

Q. Has not a large manufacturing plant agencies all over the country?—A. It has some problems of distribution, yes.

Q. Would not this Marine and Fisheries Department work that you have done be similar to work of a large manufacturing plant engaged in the manufacture of articles which has agencies throughout Canada for distribution.—A. Yes, it is as nearly similar as any two propositions ever can be.

*By Mr. Maclean (Lunenburg):*

Q. You mean this, that it would not have done to have had one part of the work done by accountants other than your own staff?—A. It would not have been economical.

Q. Or by a different system to yours?—A. It would not have been economical.

Q. Have you seen the newspaper synopsis of the report of the Civil Service Commission?—A. Only in the newspapers, that is all.

Q. Are any of the recommendations made by that commission in connection with the Marine and Fisheries Department covered by your report?—A. Yes.

Q. In what respect?—A. They have dealt particularly with the necessity of a purchasing organization, and that is a thing we have dwelt on, and the safeguarding of the stores. It is perfectly patent that is the thing that their criticism is based on.

Q. Is there anything else?—A. No, I do not know of anything else.

*By Mr. Blain:*

Q. Are we to understand that they had no system of keeping records of goods purchased when you went in to look over the Marine and Fisheries Department?—A. They varied in different places. There were places where they had almost no system at all.

Q. Where was that?—A. Particularly at Halifax.

*By Mr. Bennett:*

Q. Did that apply at Sorel, too?—A. You mean the Sorel agency?

Q. Yes?—A. Yes; it seems to me our report deals more particularly with the pay-roll at Sorel; that was not safeguarded as it should be—that is the Sorel agency, not the shipyard.

Q. And the purchase of goods?—A. Just a moment. May I read from this report? (reads:)

'At Sorel there has been no apparent attempt at a proper accounting, and the pay sheets have been susceptible of great manipulation, it being the practice, we were advised, to send the pay sheets to Ottawa made out and signed before the money had been received by the employees. This we have provided to remedy by the new form of pay sheet which we have made and which has been provided. As our work develops, Montreal and Sorel offices might, if the department wished, be combined into a single office, and any manufacturing at Sorel transferred to the shipyards.'



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That by no means is the full report, it is simply a very short summary of our fuller report.

*By Hon. Mr. Foster:*

Q. What is the date of that report?—A. September 15, 1907.

*By Mr. Bennett:*

Q. Now, with regard to the purchase of goods that entered into the construction of crafts that were built there?—A. At the shipyards?

Q. Yes?—A. That purchasing has been done very carefully, that is for the shipyards.

Q. All the merchandise that went into the construction of crafts?—A. Yes.

Q. What do you say as to that?—A. That is not in our report there at all.

Q. You haven't touched that?—A. We haven't touched the Sorel shipyards, except that I know the purchasing was done there very well indeed. It was done there very well before we went there; I am giving Mr. Desbarats credit for that.

Q. Were you at Sorel?—A. Not personally.

*By Mr. Reid (Grenville):*

Q. Is that report you have just quoted from the report you read from the other day?—A. Yes, but this is only a synopsis of our report.

*By Hon. Mr. Foster:*

Q. I have a few questions to ask you. As I understand it, you visited, outside of Ottawa, the other agencies which you mentioned the other day?—A. Our men did.

Q. When I speak of 'you' I speak of your firm. I want you to give the committee an idea of what you found at Parry Sound—brief and inclusive?—A. (reads):

'At Parry Sound we found that the depot had been operating for twenty months, and that there were very few, if any, permanent records, and no records of any sort on a good many transactions of the department.

'We gathered together the facts for records from slips of paper and from conversations with the various people there, arranging same in proper form. These include statements as to the amount of carbide and other stores used, the amount of gas made from carbide, and extent of service rendered and other expenditures, together with all of the necessary detail incidental, and have prepared a statement of expenditures according to logical account headings, and presented same in reports already in the files of the department.

'We have prepared a suitable system for carrying accounts of this agency covering its maintenance and operation, and covering its buoy and other outside service, and have provided for suitable records of stores transactions, banking transactions, handling of pay-roll so that the entire conduct of the agency may be a matter of permanent record arranged in the proper shape, as stated in several detailed reports which we have made concerning this agency, and which are on file in the department.

'The use of the various records have been explained to the agent in charge, and to the foreman, so far as his work is concerned in this connection.

'At the Parry Sound agency, as at all agencies, the account of cash in the local bank was carried in the name of the agent as his personal account. This we have changed at Parry Sound, and the account is now carried in the name of the Department of Marine and Fisheries—M. Brais, agent.

'This is an important matter, to have the account in the name of the department, and not in the name of any one individual, and we shall arrange for this at all of the agencies that have available funds on hand.'

Q. Then, in a word, you found the Parry Sound agency in a very unbusinesslike condition?—A. No doubt about that.

Q. Did it strike your firm as being especially so?—A. Well, rather, yes, it was a new agency.

Q. A new agency formed by the Department of Marine and Fisheries, twenty months in operation?—A. Twenty months in operation.

Q. And you found no records?—A. Practically none.

Q. When you tried to make up a record you had to hunt around for memoranda on slips of paper, you found some and you made the best record you could?—A. We made the best record we could and started it right.

Q. And you found that the moneys received went to the personal account of the agent?—A. Whatever cash he had he carried in his own personal name.

*By the Chairman:*

Q. What kind of agency is that,—A. A distributing agency.

*By Hon. Mr. Foster:*

Q. When you went to Prescott, how long had the Prescott agency been organized?—A. I do not know; some time I should say.

Q. What did you find the position of things to be there in the way of accountancy, and also physically at Prescott, very briefly?—A. (reads):

'We found the Prescott lighthouse depot in charge of Assistant Commissioner W. H. Noble, his time being very much taken up with matters of his position as assistant commissioner, and his attention consequently distracted from the needs and work immediately at the Prescott depot.'

'Mr. Noble is now at Ottawa, and in his absence the accountant, Mr. Boyle, has been given certain authority over the department, and Mr. Boyle appears to be filling his position well. Mr. Fraser is also energizing work at Prescott, and on the occasion of Mr. Leland's last visit, Prescott had a businesslike atmosphere, and manifest energy at work not heretofore noticeable.'

'We divided the Prescott depot into departments, and each of the buildings and parts of buildings has been numbered accordingly. Inventory is being taken on approved lines, in connection with our suggestions, and stores ledger installed; also a list of standing order numbers prepared by us is being made operative, under which expenditures incidental to operation may be charged.'

'The scheme of production orders which we outline and for which the necessary forms have been provided, is also being made effective, and it will soon be possible to draw off a balance sheet each month of the Prescott depot transactions. This has not been possible before at any agency or branch of the department.'

Q. Is there very much more of that? The question I asked you was, what you found there, not so much what you did, how much have you got before you finish?—A. About a page and a half.

Q. Well, you might finish it then, so long as you have got that far.—A. (reads):

'By this scheme of production orders, plant orders and standing orders installed at Prescott and which are being made effective at other agencies, particularly where manufacturing is carried on, there will result a system of accounts being such as are used in all modern industrial organizations.'

'In the office at Prescott, as at other agencies, the installation of a proper and complete set of accounts, double entry, is being effected.'

'As our work continues there will accumulate at Prescott and elsewhere where manufacturing is done, the cost of every piece of work made of service rendered showing the items of material, labour and expense separately, and expenses accounted for in such wise that at the end of each fiscal period the agency will show neither loss nor gain; the cost of its administration and maintenance, having been completely absorbed through the cost accounts which has never before been possible under the old method of accounting.'

'At these agencies where there is no manufacturing; that is where merely material and supplies are received and disbursed, the expense of maintaining the agency will be absorbed in the charges for material and supplies distributed to the various lights

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and other aids, so that each and every agency, whether having to do with man, fact or not, will come out even at each year end.

'It is our purpose that the Prescott office shall have oversight of the Parry Sound accounts until the latter becomes sufficiently large to make this plan impracticable. So far as the accounts are concerned, the Parry Sound depot may be considered, if you please, as a branch of Prescott.

'At none of the agencies have we found it necessary to add clerical force, nor do we think such additions to the force will be necessary, an exception here and there possibly proving the rule later on.'

Q. Briefly, then, you found that on your visit to Prescott it looked businesslike, and an energetic atmosphere was noticeable?—A. Yes, sir.

Q. What did you find as to the location of the shops and works? Were they well located or badly located?—A. We have certain recommendations here of a physical character.

Q. How do you find them?—A. I think that they are in pretty fair shape.

Q. Do you say that in the report?—A. No, I do not see that they do.

Q. Your report of November 27, 1906, I think?—A. Just a minute, there is a reference here that I want to find—yes, November 27, 1906.

Q. I don't want you to read the whole report?—A. It will only take up a few lines here.

Q. Just answer my question, please?—A. Some improvements are badly needed there; a yard railway service, better crane service, increased dock facilities.

Q. Before that you will find it?—A. This report states that the present arrangement of the shops and equipment—some of them are inconveniently located, and consequently increase the cost of operation.

Q. That is what I want to get at, that they are inconveniently and badly located, and on account of that you find that the cost is needlessly high?—A. Yes.

Q. And certain improvements are necessary in order to reduce the cost; that is right, is it?—A. Yes.

*By Mr. Reid (Grenville):*

Q. What do you mean by 'inconveniently located'?—A. Mr. Leland was up there, and he can answer exactly. I know only the general conclusion.

*By Hon. Mr. Foster:*

Q. And the statement was?—A. That your branch at Prescott had outgrown its facilities, and in doing so had warped the natural arrangement of the shops; that will happen frequently. It says that with the growth of the Prescott yard a new shop building of modern construction would be desirable.

Q. Now, then, at Sorel; did you find the conditions there businesslike?—A. At the shipyards, do you mean?

Q. Yes?—A. The shipyards are in very good shape.

Q. What is the other business there besides the shipyards?—A. The agency.

Q. How did you find the agency? Maybe I might bring that out better by questions. Did you find that they had no timekeeper there?—A. Well, I think that reference in the report is to that particular day; I do not think that it meant there was no timekeeper at all there. The report says (reads):

'At Sorel we found no timekeeper nor foreman in charge. Some workmen were working in the yard building a scow, also some employees were in the lamproom and in other places about the department only partially employed.'

Q. Does that refer to that particular day, do you think?—A. I think that refers to that particular day.

Q. Then for that particular day your firm would not consider they were businesslike?—A. No.

Q. 'We found no timekeeper nor foreman in charge,' do you find that employees



were only partially employed?—A. Well, I was not there personally, and cannot answer that—the report says: ‘Some workmen were working in the yard building a scow, also some employees were in the lamp room and in other places about the department only partially employed.’

Q. Did you find any attempt at proper accounting at all?—A. The report says (reads):

‘At Sorel there has been no apparent attempt at a proper accounting, and the pay sheets have been susceptible of great manipulation.’

Q. Was it the practice to send these pay sheets already signed, before the men received their pay, to Ottawa?—A. (reads):

‘It being the practice, we were advised, to send the pay sheets to Ottawa made out and signed before the money had been received by the employees. This we have provided to remedy by the new form of pay sheet which we have made and which has been provided.’

Q. Would it require any other than a business man, or a sharp accountant, to find out these different things there?—A. No.

Q. It would not require a production engineer?—A. He might see it a little quicker than the other fellow, that is all.

Q. When you went to Quebec, what did you find at Quebec as to the recording of stores,—A. No suitable record of stores had been maintained at that point.

Q. There was no suitable record of stores. Was there a considerable quantity of stores coming in and going out at Quebec?—A. Yes.

Q. What was the yearly expenditure?—A. I do not know.

Q. You stated in your report?—A. Is it in the report? Oh, yes, the expenditure through the Quebec agency amounts to \$800,000 a year.

Q. That is, you found that with an average expenditure through that agency of \$800,000 a year there was no suitable record of the stores kept?—A. That is right.

Q. And you found no personal ledger?—A. No personal ledger.

Q. What was the condition of the petty cash?—A. (reads):

‘Petty cash and all funds at the different agencies and branches have been neglected so far as any current clear records of same is concerned. In some instances memorandum books merely have been used with the entries a considerable time in arrears and changes in the entries being made at will.’

Q. They had recourse to the simple device of memorandum books, was that true?—A. Yes.

Q. What did you find to be their method of receiving and disbursing material?—A. The method of receiving material as well as of disbursing it has been very crude.

Q. What do you mean by ‘crude’?—A. It means that they kept such records as they thought necessary, but they were not complete.

Q. That is they formed no check really as to what was received or what was disbursed. Were the things that came in actually counted, or what does your report say about that?—A. It says (reads):

‘We now propose that material received shall be actually counted and reported quite independent of vendors’ bills. These reports of material received will then be passed to the office and will there be compared with vendors’ bills, and the material received will be reported upon as to quality as well as quantity. Further than this we propose to attach to the back of vendors’ bills the material received record of original entry, which conforms to the best possible accountancy practice.’

Q. What did you find at that time?—A. (reads):

‘It has been the custom at Quebec to immediately charge purchase to the particular light or aid for which material or supplies have been required, and in making purchases and immediate charges the assumption has been that the exact quantities required are purchased and received. Any averages on hand have been unaccounted for, and conversely, any shortages of material ordered, of the full amount required, have resulted in causing delays in service which is bad.’

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Q. Do you not say in your report that these supplies were not actually counted.

*By Mr. Bennett:*

Q. When received?

*By Hon. Mr. Foster:*

Q. Yes, when received and when the same is going out—what I find in your report here is, 'We now propose that material shall be actually counted and reported?'—A. Yes.

Q. 'Quite independent of vendors' bills' is not that an implication that they are not now counted?—A. That would imply that they had not been? No, not necessarily, but that is the inference, very plain.

Q. That is the inference one would probably take from that.

*By the Chairman:*

Q. Do you know whether they had been counted previously or not?—A. Personally I do not.

*By Hon. Mr. Foster:*

Q. Mr. Leland would know?—A. Mr. Leland will know.

Q. Would it have been possible for an accountant or business man to have gone to Quebec and made an examination of things there and found out just exactly what you have stated here,—A. I think so, Mr. Foster, yes.

Q. It would not have been beyond his ability, it would not have required a production engineer?—A. A production engineer would probably probe the matter more quickly.

Q. Any business man would really see that, wouldn't he?—I should think so; if it was his property he would mighty quick.

Q. Now, in St. John and Halifax, did you find practically the same condition of things?—A. I think it is rather better at St. John. (reads): 'The method of accounting at St. John has been very simple, and of necessity should balance out, but in no wise are the accounts susceptible of proof physically, there is no stores system recognized and no stores accounts are kept.'

Q. Where did you find the storage?—We found; (reads):

'Certain materials are stored in the basement of the building, and certain coals are stored in bags on an open wharf; also chain and other buoy equipment are stored on an open wharf.'

Q. Where are they stored?—A. On an open wharf.

Q. Coal was stored there in bags on an open wharf?—A. Yes, and chains, too.

Q. Now at Halifax, what did you find about the stores?—A. (reads):

'The record of stores has been very clumsily kept at Halifax, and verification of same impossible without any actual count, which in some instances is difficult and tedious. For example, there is an accumulation here of some hundred tons or more of chains, which is merely one item of many. In addition to the one hundred tons of accumulated chain was another hundred tons of new chain just received and being disbursed at the time of Mr. Leland's last visit.'

Q. What was that? One hundred tons of chain lying there and another hundred tons just being received?—A. Yes.

Q. What was about the cost of this chain?—A. This one item of chain alone amounts to something like \$14,000.

Q. Did your accountant make any investigation as to whether the chain, that is the old chain, was useful or not?—A. My recollection is that it was entirely a matter of duplicate ordering, that is all; it will happen anywhere.

Q. Oh, yes; that may happen in any business. It was actually received, though, in this case?—A. Yes.

Q. Now, with reference to Halifax and St. John, I suppose that an accountant or a sharp business man would have found out exactly the conditions?—A. I think he would probably.

Q. It would not have required a production engineer in that case? Now, with reference to stores as a whole, what did you find?—A. (reads):

'We wish to point out to you particularly that when we started work for the department at agencies and branches there were no proper stores records of any sort, consequently the stores were without any safeguard whatsoever in the matter of accounting, and at a good many of the agencies there were no physical safeguards, material being stored in yards open to the public and through buildings open to a large number of employees. Moreover, there was no assurance that the materials paid for were received, either as to quantity or quality. In a good many instances the quality of important materials has been noticeably bad, even of materials so important as plates for making steamer renewals and repairs. As to quantity there is no doubt whatever that the department has paid for materials which were never received.'

Q. Was that occurring, do you think from your investigation, to a large extent?—A. I should think not.

Q. But it was a fact that it did occur?—A. It was a fact.

Q. With reference to steamers, what did you find?—A. (reads):

'The accountancy scheme aboard steamers and accounts as kept on the wharfs are crude, and not in accordance with recognized good steamship practice; and in this whole matter of steamer operation there is opportunity for economy which, in the aggregate, can amount to a considerable sum each year. Proper meal tickets should be issued and accounted for, and suitable safeguards placed around the service of meals and other passenger and merchandise revenue.'

Q. Do you find in practice there is receipting for more supplies than come on board?—A. (reads):

'The practice of "receiving" more material and supplies than come on board is bad and can be done away with by making proper arrangements and providing suitable accountancy schemes, which will be a logical extension of our work in connection with agency and branches.'

Q. That also would have been apparent to a business man?—A. Mr. Foster, anything we do would be apparent to a business man.

Q. Yes, you might call that business man a 'production engineer' or simply 'Tom Jones,' but he would see it in any case?—A. Especially after we have done it.

Q. He would see it before you did it?—A. I mean that any work we do for a client he always thinks he could have done it himself—after the job is done. This is not jocular; I mean that seriously.

Q. The point is, I suppose, you will not deny that a business man, without the title of 'production engineer,' could have gone and looked over these agencies?—A. Certainly; what I want to make clear is that we are no miracle workers.

*By Mr. Bennett:*

Q. You are spellbinders?—A. Our one value to the client is that we do things; he waits to do them, and we do them at the time; we haven't anything else to do.

*By Hon. Mr. Foster:*

Q. That is the case here?—A. Yes, every matter that should justly go into the account of cost we are able to take as it should be taken.

Q. Now, Mr. Richards, will you sum up, just in brief, the various steps you took—I will aid you by questions. You first came into contact with the Department of Marine and Fisheries through Mr. Falconer, didn't you?—A. Yes.

Q. You didn't know the minister in the case, Mr. Falconer did the work of securing contracts?—A. That is right.



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Q. You had no conference with the minister yourself?—A. Not previous to our employment, no.

Q. The minister did not know, previous to your employment, as to your system of work, from you personally.—A. Not from me, personally.

Q. Nor from Mr. Gunn?—A. No.

Q. The first thing you did was to make yourself acquainted through examination of the books and papers, and conferences with officials, as nearly as you could with the exact state and condition of affairs?—A. That is so.

Q. That was your first step?—A. Yes, the first step.

Q. In order to get at the condition of affairs what were the steps—just to get at the condition of things what was the first step? You would examine the books, would you not?—A. Yes.

Q. And the papers?—A. Yes.

Q. And you would confer with the officials,—A. Yes.

Q. And get what information you could from them?—A. Yes.

Q. And then, having got as far as you could from the officials you would make a physical examination of the agencies—you did that didn't you?—A. Yes, but we can get a pretty clear idea of what has been the practice from talking to the responsible heads.

Q. I can quite see you would. You could get at the information as to the condition of things? Then what was your purpose in writing up the books for a period—you did it for nine months?—A. We did it because we thought there should be a connection record of the transactions of the department, subject to audit and subject to balance that might afford not only the possibility of satisfying any inquiry as to what had happened in the department during that nine months, but also to provide by comparison a standard for continuing the next year's work.

Q. And to make the basis of your future work?—A. No, make the basis for the work of the department.

Q. But on your plans?—A. Well, yes.

Q. Your system. You could not import anything into those books which were not actually contained in the accounts and vouchers and documents,—A. No.

Q. Then you found the date, you could find it nowhere else than there, and you put it into the form of your own system?—A. Remember we found the date and could find it nowhere else except in the Auditor General's office, it was not in the Department of Marine and Fisheries.

Q. In Ottawa we have a system of audit, the documents go from one to the other, and you found it in Ottawa, you wrote up those books for 1906-7, and then you had a foundation on which to come to your conclusions as to the system of book-keeping, did you?—A. Yes.

Q. Then what was your action, did you find the system faulty?—A. Certainly.

Q. In what particulars?—A. Well, that it was not complete, it was not susceptible of proof, it did not give to the department the information that we thought it should have, logically in order to enable the minister to make his plans.

Q. It did not sufficiently subdivide the accounts was that one point?—A. Well, it did not have complete information, and another point if they wanted to know anything they had to send to the Auditor General's office to find out.

Q. That requirement would have been met providing they kept a complete record in their own office?—A. It should have been assembled in books of record.

Q. There your work was chiefly in the manner of assembling the material that you found?—A. In assembling and presenting it, yes.

Q. The assembling and presentation with regard to clearness and accuracy?—A. That is right.

Q. And a little more subdivision, probably, than had been previously the case, was that it?—A. I think very likely, yes.

Q. So as to give the minister or any person who was looking for it an easy knowledge of his department, that is about it?—A. That is it.

Q. That altogether is accountant's work, is it not?—A. Yes.

Q. It did not require a production engineer to do that. Then what substitution did you make of the books. As I understand it you set aside the books; you came to the conclusion not to use the account books that they had been using and what did you substitute in their place? For instance, coming into the department the year before and coming into the department now, when presumably your system is in operation, what would be the difference as regards the books?—A. Do you want me to read it,

Q. I would just like to have your simple statement of it.—A. I don't believe I can give it to you that way.

Q. In general terms, you are master of your work?—A. I did not do that particular work.

Q. You know what you do in the way of book-keeping systems, all that you have?—A. Well, I do not know any more than to put it very generally that we substituted a double entry set of books for a single entry set.

Q. That is what you did. In reality what you did was to substitute a double entry set of books for a single entry and by that means to get your books balanced?

—A. Yes, and in laying out that system we took into consideration what information we thought the minister should have and laid the books out accordingly.

Q. A proper book-keeper should do that, shouldn't he?—A. Yes.

Q. It seems to me that the object of books is to make a clear, definite presentation of accounts, that would be right, wouldn't it?—A. That is all right, but at the same time there are a great many different ways in which that can be worked out.

Q. Yes, but after all there are but two different systems of book-keeping—you have the single and the double entry—these are well defined, and whatever variations of book-keeping you had, it is founded on the principles of book-keeping in one or the other of those systems?—A. There is a factor in the Department of Marine and Fisheries different from commercial books in the fact that the money is appropriated by the House before it is spent; in other words, to some extent the government becomes a debtor to that department, and yet you cannot assume that attitude in laying out the books, because there is no certainty that you are going to absorb all the money, and in case you do not it reverts again to the government.

Q. That circumstance would exist whether it was single or double entry, would it not?—A. Yes; but I mean in laying out that set of books you have to assume that the government is obligated to that department for a definite sum.

Q. You come back, however, to this, don't you, that all book-keeping is for the purpose of showing the relation between debtor and creditor?—A. Certainly.

Q. And that is just what this is, different kinds of debtors and different kinds of creditors. All chartered accountants have to take that into account, I suppose, and would?—A. Certainly.

Q. Well, then, all of this you would designate as simply accountant's work?—A. Yes.

Q. Where did your 'production engineering' come in?—A. In laying out systems, safeguarding the stores in the various branches and bringing the information into Ottawa.

Q. Don't let us go too fast. It is the part of production engineering to see that stores are properly safeguarded, that is as to their receipt, their storage and their distribution from storage places?—A. Certainly.

Q. Is that a new science?—A. No.

Q. We have all been used to that kind of thing?—A. All been at it, yes.

Q. It would not, although a man might not be called a production engineer, you would not conclude that because he had not that title he wasn't fairly competent to do that at all?—A. Oh, no.

Q. So much then with regard to stores. We have disposed of that part of it. The department also manufactures; just detail briefly what you mean by 'producing en-

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gineer' on the matter of their manufacturing things down at Prescott, say?—A. Well, we start with the cost system and educate the responsible man in charge to make use of his costs, to lower the cost.

Q. Well, now, with regard to this cost system, to a simple man like myself it is confusing, supposing you get it out in plain English, what does it all mean? Imagine yourself right at Prescott now and you want to get down to business, what do you do?—A. Well, in the first place, we find out what the articles manufactured at Prescott cost and ascertain what quantities could economically be manufactured. We would find out what they made, and then decide for ourselves. Then we would arrange to have the order delivered to the works for the quantity of goods to be manufactured, and we would work out and direct the labour, whether it was to be paid day wages or not. We would arrange for a proper stores system, and if possible (of course, there are changes in every place) we would arrange for the exact material that went into the quantity of goods to be manufactured to be sent into the factory, so that we would know exactly how much material was consumed.

Q. Just on that point, do they make boilers at Prescott?—A. I do not really know if it is done there.

Q. Supposing they made boilers at Prescott, what would you do in relation to that? Would you define exactly what amount of iron or steel should go into that boiler?—A. Precisely, we would arrange for the foreman to draw from the stores-room the supplies and material that he needed for that particular unit of work—it might be one boiler or it might be five.

Q. There you have the stores department, and you would arrange that the foreman building the work, whatever it is, should draw what was necessary from the stores for that one thing?—A. Yes.

Q. You do that in order to keep the cost accurately for that one article?—A. Yes.

Q. Who is to judge of the quantity of material that is to go into the boiler, is that part of your duty or of the engineer?—A. It would come into the scope of our advice.

Q. You would go into the matter of finding out how much pressure was to be put on that boiler, calculate the various strains, and everything of that kind?—A. Of course, I see I did not understand your question. But the quantity, as to whether it was well to draw it in complete sheets and then restore to the storehouse the fraction that was not used, and what would be an economical method of handling that material.

Q. That is, it is really a question of delivery from the storehouse?—A. A question of operation.

Q. All materials are requisitioned by the responsible engineer who has charge of the work?—A. But the question whether he should requisition enough material for one boiler or five might have economy in it.

Q. Then after all does it not come down to a simple matter of regulating the delivery from the stores so as to keep a correct tab on the cost of material that went into any particular article with regard to the question of economy?—A. That is so.

Q. Well, you may call a man who did that a 'producing engineer,' but after all it seems to me that it is a matter of business common sense.—A. We will give Mr. Foster a short time job on our staff then he will know.

Q. Then you will advise as to what is the best system to pursue,—A. There are always two or three ways to do a thing, but there is one way that is cheaper than the other three.

Q. You say, I think you truly say, that experience would give you the opportunity of giving the best advice?—A. I should think so.

Q. The best experience would give the best advice in that line?—A. It seems so.

Q. Now, what records would you have, at Sorel we will say, in order to find out the cost of your material? Wouldn't you have to go to their accounts and books?—A. Certainly.

Q. Any accountant could work that out, couldn't he?—A. Yes.

Q. Now to vary it a little—



*By Mr McCarthy (Simcoe):*

Q. Could any accountant work it out to be accurate without any experience as to proper quantities?—A. Why any accountant could work it out some way.

Q. Yes, but could he work it out accurately unless he had some experience,—A. Accurately and economically is the thing we are after, anybody could do it in a way.

Q. But could any accountant do it accurately?—A. We think not.

*By Hon. Mr. Foster:*

Q. Can any accountant do it?—A. The United States Steel Company have, undoubtedly, very practical men on their 'costs' whether they call them engineers or accountants I do not know, but they are excellent on steel costs, and yet I am satisfied we could go in there and show them that in some respects their methods fall short of best economy, and if we can do that without destroying anything good that is there already, we are worth some money to them, I think.

Q. Undoubtedly, it would be worth money to them. Did you finish your job there?—A. No.

Q. Why?—A. We were stopped

Q. Where was Mr. Falconer that he allowed it to be stopped?—A. He was there, right on the spot, I think.

Q. At what time was this stopped?—A. It must have been about September, 1907.

Q. Oh, no, not as late as that.—A. Earlier than that, was it? I don't remember.

Q. On May 15 I find that a letter was written ordering you to terminate work on the 18th, do you remember that?—A. I don't remember that.

Q. However, that appears on the record, that record is that on May 15 the letter was written to you that you were to stop work on May 18, that then an interview was had and that the letter was withdrawn and the time for finishing was extended to June. Did you really stop on June 1?—A. I should doubt that.

Q. You think you went on until September?—A. I do not think September, but some time between June and September.

Q. What proportion of your work is done now in that department?—A. Mr. Foster, I cannot answer that, I do not know how much latitude can be given to us. If we were to get everything that would be worth the Marine and Fisheries while to have done, our work is not half done.

Q. Provided you were allowed to finish.—A. If we were working for a manufacturing enterprise, and the man at the head of it wanted us to get all the results we could for him, all the results that it will pay him to get, we could continue the work in the Marine and Fisheries Department for just as long as we have been there already.

Q. Supposing you drop out now what would the necessary result be?—A. I do not know, I am not permitted to go into the agencies and the department to see how well our partially completed recommendations have been carried out.

*By Mr. Maclean (Lunenburg):*

Q. They have accountants there, haven't they and they have your recommendations?—A. They have had the books and forms ready for the various agencies for a good many months waiting until the end of the year to instal them. Now the end of the year has arrived and I understand a man has gone out with those books and I also understand that he thinks himself that he cannot understand them well enough to answer the various inquiries that may be made, and I do not blame him very much.

Q. Then you have given him something he can't work?—A. No.

Q. What do you mean that he cannot do?—A. He is distributing these forms and books to the agencies, and he doesn't think he can answer all the questions that will be put to him as to the carrying out of the system. Somebody will answer them in some form, but I do not think it will be as thorough as if we did it ourselves.

Q. Do you consider it will have very much chance of success under those conditions?—A. Yes; the most of the men I have seen at different agencies are

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conscientious and pretty intelligent, and they will do their best to carry it out. There are some places where they won't, and those are the places we would like to be at.

Q. You would like to be there and see that it is carried out?—A. It would be done more rapidly and save money if we could have the oversight of it.

Q. Now, what did you pay Mr. Falconer for getting this work for your firm?—A. A salary.

Q. Of \$2,000 a year?—A. For a time it was \$2,000 and for a time it was \$2,500.

Q. Now you are paying him \$2,500?—A. Yes.

Q. Nothing more?—A. A percentage of the profits.

Q. Profits on what?—A. On the Canadian business.

Q. On the business that he secured?—A. That is right.

Q. That is all—A. On the Canadian business, everything above the line.

Q. Whether he secures it or not?—A. Absolutely.

Q. Did you ever hear of the North Atlantic Trading Company? You did not?—A. No.

Q. You would not understand the point, then?—A. No, I do not know anything about that.

Q. What percentage do you pay Mr. Falconer?—A. One-tenth.

Q. Mr. Falconer gets one-tenth of the profits on all Canadian business whether he gets the business for you or not?—A. That is right.

Q. That is all you pay him?—A. That is all.

Q. How often does he get his one-tenth?—A. He draws on account of that every month, but he does not get an account until the books are closed at the end of the year.

Q. How much has he got out of this contract?—A. I do not know.

Q. Who would know?—A. I think I would know as nearly as anybody else on this end of the line. This contract does not begin and end with the fiscal year, and our accounts are not made up at the beginning or ending of this contract; our year runs from the 1st of January to the 31st of December, and there is not a contract that does not extend from one year to another, so that we have not got it separate.

Q. From your books you could find out?—A. I suppose we could segregate it.

Q. Can you answer this question: What profit has accrued to Mr. Falconer during the last calendar year?—A. About \$1,500.

Q. That is on all Canadian business?—A. Yes.

Q. Does that include the contract with the Intercolonial Railway?—A. It must have included some of the Intercolonial Railway time; yes.

Q. Who secured that contract for you? As a matter of fact, did he?—A. As a matter of fact, he did; yes.

Q. Now, we have a list of men who were employed, and a part of the time subsistence was given to them. I understood you to say that you do not keep your men down to so much a day, but that you pay them for practically all their expenses?—A. Sure.

Q. Take now, for instance, what would you allow for expenses?—A. Well, whatever the employee has the nerve to put in as expenses, and I sometimes think—

Q. It depends upon nerve?—A. We pay him for his railroad fare, and his sleeping berth, and his tip to the porter, and his breakfast, and lunch, and dinner; he is supposed to keep it separate if he has a guest at dinner, but he puts it in his expense account.

Q. But you do not pay that?—A. Yes, we do; we pay that, but we do not charge the client with it. Then his hotel expenses, and if he chooses to go to a hotel on the European plan, and has three meals, he puts it in his expense account.

Q. Does he give you vouchers?—A. No, except that, of course, I pay his expense accounts, and when they come in I go over them, and if any one account looks excessive I call him to task for it.

Q. That takes in laundry and similar expenses?—A. Yes, it does; all expenses

on the road. We go on the theory that a man's home expenses keep up just the same when he is away.

Q. Have you any objection to telling the committee—for instance, a large number of men were employed on this business and the Marine and Fisheries Department paid them a certain amount for each day. Have you any objection to telling the committee when you paid these men, what your firm paid these men per day? For instance, a man who was charged up to the department here at \$50 a day, what would be his rate of pay from your firm?—A. About \$6,000.

Q. Do you pay yearly salaries?—A. Certainly.

Q. Then your \$50 man would be paid by your firm \$6,000 a year?—A. Yes.

Q. And your \$40 man?—A. \$4,000 is what Mr. Falconer got.

Q. Is that the regular rate?—A. Oh, no, there isn't any regular rate.

Q. That is, you get your men for the least you can and still you pay them as much as they have the nerve to ask if you can afford it, is that it?—A. No, we hire our men for the price they ask us when they come to us. If they gain experience we try to treat them right. If a man is available for a great deal of work and has a good foundation for our work, when it comes to us, and perhaps is not as good as Leland but better than Doud, we pay him a salary between those two.

Q. A man for whom you charge \$40 you would pay from \$3,000 to \$4,000, would that cover it?—A. Yes, but we can hardly get a man that we can charge \$40 a day for, for less than \$4,000 a year.

Q. They would run from \$3,000 to \$5,000, and those that you charge \$30 a day for?—A. \$3,500 or \$3,600.

Q. And your \$25 a day men?—A. There again you strike a fluctuation. We charge \$25 a day for senior accountants, and if we get one who stays with us a long time and keeps sober we pay him a pretty good salary, \$3,000. If he doesn't keep sober we fire him, so that sooner or later they all receive \$3,000. You can't get a certified public accountant in the United States for less than \$200 a month.

Q. They would run from \$2,500 a year?—A. Up to \$3,000.

Q. You pay these men by the year or do you calculate the year's wages according to the days' work?—A. We pay them by the year always. With one or two exceptions, we hire men by the day, but these are exceptions.

Q. But your rule is to pay them by the year, how many days do you work them?—A. I just told you that last year, 1907, we got about 202 days work out of them.

Q. On the average?—A. That is the average, yes. With regard to Mr. Gunn's time and my own, that is partly taken up with administration duties, we have to travel, some fellow has got to waste some time overseeing the others. We are not able to charge clients with 202 days of our time.

Q. And then, with regard to your \$15 a day men, what do you pay them?—A. They run anywhere from \$65 a month to \$2,000 a year; that is, from \$800 to \$2,000.

Q. And your typewriters?—A. From \$1,200 down to \$660.

*By the Chairman:*

Q. Your profit is the difference between what you pay them and what you can get for the firm?—A. Take the different administration expenses, rent of four offices, advertising, book-keeping of the business, travelling expenses, the cost of getting new business, &c., and you will find that makes quite a hole in it.

*By Mr. Maclean (Lunenburg):*

Q. Do you make 15 or 20 per cent a year?—A. Last year on every \$100 fee we had about \$16 profit.

*By Mr. Reid (Grenville):*

Q. That is net profit?—A. Yes.



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*By Hon. Mr. Foster:*

Q. I think you told me, Mr. Richards, in answering a question as to the interview with the minister, that you had no interview previous to taking on the job. Did you have an interview with him after you had commenced the work?—A. I have met the minister.

Q. I mean a business interview?—A. Oh, yes, certainly.

Q. You have had interviews with him since?—A. Yes.

Q. Before he went away to the old country?—A. I think I saw him once or twice before he went away, very short interviews.

Q. Have you any objection to saying what business you canvassed at those interviews?—A. I do not remember, there have been a lot of things come up in connection with our work.

Q. Did you ever discuss in a general way what you proposed to do?—A. I do not think I ever talked, prices to the minister at all.

Q. You left that to Mr. Falconer?—A. Mr. Falconer handled it.

*By Mr. Lennox:*

Q. Did you ever discuss in a general way what you proposed to do?—A. I do not think so, I think Mr. Falconer did that. I think it was more specific things about which we talked.

Q. That is, you discussed with the minister certain specific questions?—A. Yes, some things that came up that we were very anxious to get his exact point of view on.

Q. And you did get it?—A. My recollection is that we did not.

Q. Did you try?—A. Yes, I did, enough to realize that he preferred to give instructions about it to somebody else.

*By Hon. Mr. Foster:*

Q. What was this particular point that you discussed?—A. I cannot remember, there were a great many.

*By Mr. Lennox:*

Q. Did he refer you to others?—A. No, he rather preferred to talk to Mr. Falconer than to me.

Q. Did he indicate that to you?—A. He seemed rather to indicate it, he never said so.

Q. He knew who you were, of course?—A. I presume so.

Q. Were you introduced to him? He had received you as a member of the firm, but preferred to deal with Mr. Falconer?—A. I do not know that. I have always been amused to think that on the Intercolonial Railway, I realized Mr. Emerson used to think I was Mr. Brown's clerk down there at Moncton. I did not mind, but Brown worked for us at \$2,000 a year.

Q. It was very hard on Brown, wasn't it,—A. No, I think Brown was tickled over it.

Q. What I was referring to was this, Mr. Richards, did the minister know that you were acting in connection with this matter?—A. Oh, I guess so; he certainly did.

Q. He discussed with you to some extent, or you discussed with him, matters on which you wanted certain information?—A. Yes.

*By Hon. Mr. Foster:*

Q. In all these cases you inferred he would rather talk with Mr. Falconer than you?—A. Perhaps I should not have said that, but that was the opinion I had. It was hard to get to him, he was very busy, and I felt I did not have half his attention when I was there. I simply realized that there was an easier way to get his instructions, and I took the easier way.

Q. Did you see him after he got back?—A. Yes.

Q. On matters of business?—A. I tried to find out if he had gone over my re-

part. I wanted to get instructions to go ahead and finish up the work.

Q. Did you get them?—A. No.

Q. He refused.—A. No, he said he hadn't read the report. He had it right there under his hand and intended to read it the first opportunity he had.

Q. You got nothing from him as to the continuance of the work?—A. No, I do not think I got anything from him as to the continuance of the work either for or against.

*By Mr. Lennox:*

Q. Did you bring to the attention of the minister the importance of your completing your work?—A. I do not think that personally I have, no.

Q. Do you know whether that was done or not?—A. No.

Q. Do you know whether that was done or not?—A. No, I do not know personally that we have ever had what I might say was a chance to present to the minister definitely what benefits might be either gained or sacrificed by our continuing or not continuing the work. The reason of that is that we have had an understanding that there was a certain amount of curiosity on the part of gentlemen here present as to how we worked and that we had better wait until we got through with that.

*By Hon. Mr. Foster:*

Q. Wait until the storm blew over?—A. Yes.

*By Mr. Lennox:*

Q. I understand you do regard it as very important that it should continue?—A. We certainly do.

Q. And you asked the minister to allow you to continue your work but he deferred the matter saying he would read your report as soon as he could?—A. Yes, I wanted to talk with him about the recommendations in our report and the continuance of the work, but he said he hadn't read the report and would talk as soon as he had.

Q. You regard it as an important matter that you should continue?—A. We certainly do.

Q. And we have arrived at a critical stage of the proceedings?—A. We have arrived at the logical time when we should go ahead.

Q. And it was important that your work should have been completed before this?—A. Yes, you see the point is right here: to get a job of this sort going you have to get the employees warmed up and in this way they get an idea of what we are doing, and many of them make up their minds to withdraw their attitude of opposition and decide to work in with us so that we get results, but if there is some question about our authority and endorsement, these men relax into the old attitude wondering if the government is ever going to try to get a good organization, and rather believing that they are not, that it is a waste of time to bother about it, then it is hard to bring them back again. It is a very difficult thing to explain, but it is very real.

Q. I understand that the condition is that now there are a lot of new books being sent out and that this is a most critical stage of the proceedings?—A. Yes, they should be followed up by men who understand their purpose and instructions given as easily and quickly as possible.

Q. In some instances the probability is that it will go on pretty well, and in some instances it will be blundered?—A. That is right.

Q. Now, did you have any conference with the deputy minister?—A. Personally I have had very few. I have seen the deputy minister two or three times.

Q. At what stage of the proceedings did you see him?—A. Why, once or twice before the minister went away, and I think once since he came back.

Q. And did you tell him of the points that you were considering and wanted authority to carry out?—A. Personally I don't think I did.

Q. You think you did not. Did you ever explain to the deputy minister the im-

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portance of your going on with the work?—A. I don't know whether I have or not personally; I don't know.

Q. Having inaugurated this system, do you consider that it will be necessary for you to continue it by having an annual audit of their books by your firm so as to get the system properly working?—A. It would be very wise.

Q. The same as you did, you say, in the case of the Goldie-McCullough firm?—A. It would be very wise.

Q. Would it be an almost necessary precaution?—A. Well, it is rather unusual. I think, in government affairs, but it would be a very wise thing. If a well-regulated corporation can afford to have its books audited certainly a government department should.

Q. In the case of a large firm it would be necessary, in order to get the system into proper working, for you to have an annual or semi-annual audit?—A. Of course, it is not necessary that we should visit the client periodically in order to see that the system is kept up. That is not a usual thing. I mean that when we are through, the clients have continued to send us for years their résumé, or sheets, and we study them in the office and charge the client with the time occupied in so doing. In that way we can detect anything that goes wrong.

Q. Would you regard that as anything of an audit?—A. Not at all, simply a matter of observation.

Q. But in the case of Goldie & McCullough?—A. We audit the books and in doing so we observe the method of keeping up the system.

Q. You think that is an essential part of the system where you want to really have complete success?—A. No, I don't think it is essential that a yearly audit should be made in order to keep the engineering work up, we can do that without auditing the books. I do think that it is wise always to have large expenditures of money audited.

Q. It is well to have them audited. What do you say as regards a government accounting system, do you think it is a wise precaution although not usual?—A. It would be a wise thing to do although unusual.

*By Hon. Mr. Foster:*

Q. That would be rather in the line of keeping up your system, would it not?—A. No, the books could be audited by anybody without regard to us or our system.

Q. I mean your yearly supervision of it would not be so much with regard to auditing the accounts as it would be to seeing that the system was lived up to?—A. We can do either. We can either keep up the system, getting around and seeing the efficiency and keep on working out the refinements. That does not involve very much time to follow up when we get thoroughly familiar with affairs. Or we can audit the books, just as we did here, and see that every voucher that would bear inspection has gone through clean and that the cash is all accounted for. Or we can do both.

*By Mr. McCarthy (Simcoe):*

Q. Did you find in vogue at Prescott an accounting system of any kind or a checking of stores of any kind?—A. Oh, yes.

Q. Was there an officer there charged with that duty?—A. The book-keeper, I suppose.

Q. He was supposed to do what was necessary in the way of checking, both inward and outward,—A. Yes.

Q. And did he report to Ottawa with reference to that, I suppose of necessity he did?—A. He did surely.

Q. Did you find that his work was checked by the accountant at Ottawa?—A. I cannot answer that, I don't know.

Q. Well would it not have come under your supervision? A. Somebody on the staff would know but I, personally, do not.



Q. Somebody on the staff would know?—A. Yes.

Q. Then as to Parry Sound, in regard to which you are critical, was there anybody there that would be supposed to take charge of the duty of checking?—A. My recollection is that a man was sent up to Parry Sound really to work out his own salvation, and he did it according to what he thought was right. It is fair to say for Mr. Boyle that he kept a set of records at Prescott that he was instructed to keep and he kept them very well. He was a very good man.

Q. Was he the accountant?—A. I presume so. He was a good book-keeper.

Q. Was there any place you visited personally,—A. I went to Halifax.

Q. Let us understand about Halifax. Was there a man there charged with the accounting, with the checking and outward goods?—A. No. Tremayne, the book-keeper was in Halifax. The stores were kept across the bay at Dartmouth.

Q. There was no system there then?—A. No, practically no system. A man took charge of the stores, as they came to him, and distributed them according to his judgment.

Q. He would report to the accountant at Ottawa, would he not?—A. Yes. I think he was under Mr. Fraser.

Q. Then would there be any check of the accounts that were sent from Halifax to Ottawa?—A. Do you mean in Ottawa?

Q. Yes?—A. Again I cannot tell you that, I don't know.

Q. What I am driving at is this: Mr. Foster repeatedly said to you what sounds logical, but as you get more experience of the practice is not so logical, that the accountant would discover it. How many accountants did you find in the Marine and Fisheries Department?—A. That is a kind of hard question because we don't all have the same opinion of what answers to accountants.

Q. I do not mean men that would be accountants in your opinion, but good, bad or indifferent, how many officers did you find in the Marine and Fisheries Department to be alleged accountants?—A. Well, I don't know. Do you mean how many book-keepers do they employ?

Q. Well, if they were doing the work of accountants?—A. I cannot tell you, they were everywhere.

Q. Everywhere?—A. Yes.

Q. Did you find in any of the records that you referred to, or did your staff report to you, that any of these alleged accountants, or men engaged in accounting, complained of the system that was in vogue or suggested a better system?—A. Yes, I think that you will find that they pretty generally complained.

Q. They pretty generally complained?—A. Tremayne at Halifax complained vigorously.

Q. He complained vigorously,—A. Most of them would prefer to have a system that was more complete and that left the records in better shape.

Q. They preferred to have a better system that would keep the records in better shape. Did they suggest any system?—A. They would offer us no suggestions.

Q. I do not mean to you, but were there suggestions in the records of the department before you went to work?—A. I don't know.

Q. Then you did not understand my question. I asked if you found on the records complaints before you went to work?—A. I cannot answer that. Nothing came under my observation and nobody reported to me anything of the sort.

Q. Let us get that perfectly clear. Before you went to work did you see on file, or in the records, or was it brought to your attention—anything on record on the part of any of these accounts in the Marine and Fisheries Department complaining of the system in vogue?—A. Well I have got to answer no as far as my memory or knowledge goes. Mr. Falconer might answer that question.

Q. There was no suggestion, before you went to work, on the part of these various accounting officers, that the system should be changed?—A. I don't think there was anything that I heard of on record.

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*By Hon. Mr. Foster:*

Q. Would you say that there was not?—A. No, I would not.

*By Mr. Lennox:*

I think you said that you officers while working in the department found there were pretty general complaints?—A. That is what I meant.

*By Mr. McCarthy, (Simcoe):*

Q. While you were on your work your officers discovered that the men at the different places wanted to get changes in the system of carrying on the work?—A. That is right.

Q. Just a word about this cost sheet. In any manufacturing business the cost sheet is about the most important thing in accounting if a man wants to know where he is at?—A. We think so.

Q. Did the men whom you met at these various points seem to grasp the necessity for being particular with reference to their cost sheet?—A. Yes, there is no doubt about that.

Q. They did.—A. Yes.

Q. Had they attempted to prepare a cost sheet which met with your approval at all?—A. Well again I cannot answer that. I know that in some instances they had made efforts to get somebody to come down and work out a cost scheme for them.

Q. At some places they had made efforts to get somebody to come down and work out a cost sheet?—A. But the man had not been satisfactory, I think.

Q. Was the result of your observations that these men at the respective points were not capable of preparing what you would call a proper cost sheet?—A. Sometimes it was that they were not capable and sometimes that they were too busy.

Q. Then did you find officers at the various points who if they had the time would have been capable of keeping it?—A. I found some very smart men in the department.

Q. Who would have been capable if they had the time, in your opinion, to prepare a proper cost sheet?—A. Yes.

Q. But in no instance did you find a proper cost sheet prepared?—A. That is right.

Q. Does that mean only as to form or in substance?—A. That means in substance. I mean that they were working in the dark as to what the produce was costing.

Q. Have they the proper checks as to the quantities going into construction?—A. My impression is that they had at the Sorel shipyards.

Q. Had they at Prescott or had they at Halifax?—A. I think they didn't have it at Halifax.

Q. You think they hadn't at Halifax?—A. No.

Q. So that at Halifax did the man in charge there have a check as to the quantity going into the construction, or the actual cost of the goods?

Hon. Mr. FOSTER.—What construction was going on at Halifax?—A. The minister stated the other day that there was some manufacturing going on there. I did not know it.

Mr. ZIMMERMAN.—The minister stated that at Halifax they made repairs to buoys.

*By Mr. McCarthy, (Simcoe):*

Q. My question is plain, did the man in charge at Halifax have a ready check as to the quantity there going into the construction or the cost of the goods?—A. You understand that while I visited Halifax I was not the only one who went to Halifax.

Q. Prescott and Sorel then are the only places where the importance of the cost sheet is involved?—A. Yes, those are the two important places.

Q. Then the application of your system to Halifax, Parry Sound and the outside agencies is simply to check all the inward and outward goods?—A. Yes, that is right.

Q. And the pay-rolls, &c.?

*By Mr. Zimmerman :*

Q. You stated, Mr. Richards, that the costing of goods in the large manufacturing establishments was one of the most important and at the same time most intricate and difficult to arrive at in the manufacturing business?—A. Yes.

Q. Now, Mr. Richards, you have had considerable experience in the very large establishments where they have employed the very best accounting staff that can be procured anywhere?—A. Yes.

Q. In your experience, as a rule, how many of those expert accountants in those establishments were capable of finding the proper cost of the goods?—A. Well, I should say about 3 per cent. We have found instances where very thorough costs were assembled, and even then we have sometimes, with the approval of the proprietor, the head and intellect of the business, rearranged that cost system to develop the information which they had and enabling the head to more fully take advantage of it, that is we made a different presentation of the information, even where we found a good cost system established. We want a cost system that will take in all the factors, and, of course, it is very unusual to find that the best book-keeper will be able to work out a cost system that will take in every factor of cost and provide him with a loss and gain account each month, that at the end of the twelve months' period, when he takes a physical inventory, will balance out and prove that he has been receiving accurate information each month during the year.

Q. With regard to a regular accountant, a man whose occupation is accounting, how many of those accountants, without special training in the work, are capable of going into a large manufacturing concern and introducing a 'costing' system?—A. We do not think that they are competent. We know perfectly well that we have a long way the inside track on it. Of course they do it once in a while, and equally, once in a while the work stands.

*By Mr. Maclean (Lunenburg) :*

Q. No one man in America can do that work, anyway?—A. No, no. There is no large house in New York, take the firm of Haskens & Sells, or Dickenson, Wilmet & Sterritt, there is not any one of them that will not tell you they can put in a 'costing' system, but there is not any one of them that can put in a thorough costing system that will work out its complete accounting. That is rather egotistical, I suppose, but that is the way I feel about it—that has been my experience.

*By Mr. Blain :*

Q. Have you any accounts that have not been rendered to the Marine and Fisheries Department for work done?—A. Accounts that have not been rendered or not paid?

Q. Accounts that have not been rendered?—A. That we intend to render? No. No, we haven't any bills that we intend to send in.

Q. For all the work that you have done you have rendered accounts to the Marine and Fisheries Department, and you have about \$6,000 unpaid?—A. About \$6,800 unpaid.

Q. Have you any other bills against the government in any other department that have not been rendered?—A. None.

*By Mr. Bennett :*

Q. Talking about large manufacturing concerns, which of these depots would you class in that way? Would any of them come under that category?—A. Yes, the Sorel shipyard is a big concern.

Q. Were you at Sorel personally?—A. No.

Q. What knowledge have you as to what was going on at Sorel?—A. Only what my men have told me.

Q. I mean the manufacturing plant and the construction of ships?—A. I cannot answer your question. I could not answer you at all.



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Q. Was the cost of the manufacture, or rather the construction, of ships gone into at Sorel?—A. Well, we put in that cost system.

Q. You put in which cost system?—A. The one which is operating now.

Q. Who was there as the engineer?—A. Our man.

Q. No, the officer of the government? There is a gentleman named Mr. Cowie there as engineer at \$3,000. Did you meet or see him?—A. I don't know. Mr. Desbarats was the only man that I remember.

Q. He is termed director of stores, and then there is Mr. Cowie, who draws \$3,000. He is called the engineer?—A. I would have to let Mr. Marvin answer that question.

*By Hon. Mr. Foster:*

Q. Marvin would be the man who knows all about that?—A. I think he is the man who had more to do with Sorel.

*By Mr. Bennett:*

Q. You do not know whether there was any necessity for the introduction at Sorel of a new system of finding out the cost of production?—A. May I answer that?

Q. Yes?—A. I have here—

Q. I mean personally, of your own knowledge?—A. No, I have not been there; I don't know anything about it.

Q. Then there might have been a perfect system there as to the construction of ships?—A. There might have been.

*By Mr. McCarthy (Simcoe):*

Q. Have you ever found a perfect system in any institution that you went to?—A. No, we always looked forward to that experience.

*By Mr. Talbot:*

Q. In your examination of the system of book-keeping in connection with the Marine and Fisheries Department have you discovered that large amounts were carried over from year to year, as the books were not balanced at the end of the fiscal year?—A. Well, they always have vouchers come in for expenditures that were incurred last year to be paid out of funds at the present time. I have got a statement here showing that. I have all the appropriations for the nine months. In 1906-7 there were \$1,216 paid for accounts prior to 1904-5, \$6,800 for the year 1904-5, and \$409,000 for the year 1905-6. That was out of the total expenditure of \$4,342,000 for the nine months.

Q. Then you found out, for instance, that the year 1906-7 carried expenditures of 1904-5 to the amount of \$400,000?—A. Yes, \$400,000 in round figures.

Q. Have you examined anything as regards the lighthouse supplies, has that come within the knowledge or scope of your work?—A. Within my knowledge, only the information that I got at Halifax. Within the scope of our work, I should say yes.

Q. Did you find there was any system of checking as to the supplies furnished to the lighthouses?—A. Well, that was the basis of our criticism; all these supplies went out practically without safeguards and checks. There was not anything that could afterwards be checked up.

*By Mr. Bennett:*

Q. Did you inspect personally any of these depots where they were manufacturing?—A. No.

Q. Then you know nothing at all about the manufacturing carried on at any point?—A. No, personally I do not.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

OTTAWA, Thursday, April 2, 1908.

The Committee met at eleven o'clock, a.m., the chairman, Mr. A. H. Clarke presiding, and proceeded to the further consideration of the payment of \$31,235.35 to Kenneth Falconer, pages P—77 and 78 of the Report of the Auditor General, 1906-7.

Mr. W. B. RICHARDS, recalled.

*By Mr. Maclean (Lunenburg) :*

Q. Yesterday Mr. Foster in questioning you led to certain points where work had been done, and made you say that an ordinary business man would have discovered defects of management, book-keeping and all that sort of thing. Surely you did not mean to make an unqualified statement of that kind?—A. Well, Mr. Foster made me say that a business man could discover a great many things, but he did not ask me whether he could correct them. Of course the correcting of things that are not done right in the very best way, instead of in some way, is almost the entire warrant for our being in business. It is based on experience, and experience is the thing that makes possible the getting of the best economies and the best results with the simplest means. Of course that is another way of saying the best economies.

Q. Have you finished?—A. Not quite. Mr. Foster yesterday led me around.

Q. He would lead anybody around if you didn't watch him.—A. That was my experience. Any business man could not have done it, it requires experience to do it. But Mr. Foster made me say 'yes' in lots of places where I would much rather have said 'no.'

*By Hon. Mr. Foster :*

Q. I brought no pressure to bear on you?—A. Everybody could not lead me around by the nose in that way. I would not have believed you could have done it because I did not think your hold was very firm at that.

*By Mr. Maclean (Lunenburg) :*

Q. A business man, or an ordinary accountant, for instance, might not detect an imperfect steel plate for a ship?—A. Of course that would not be true, he could not.

Q. Well, that was referred to in one of your reports.—A. Well, of course our engineers are studying materials all the time, and in that way no ordinary business man could duplicate our observations, neither could he recognize the imperfect safeguards as quickly as we could; they would have to be pretty bad before he would notice them.

Q. By reason of our experience?—A. By reason of our experience, and then when it came to the correcting he wouldn't be in the running at all. Of course all the work that has been done in years past in the Marine and Fisheries affairs, each detail of it has been satisfactory to some one man somewhere, he thought he was doing well enough, as well as was expected of him by somebody else, and to take that entire department and prepare a complete plan that covered every detail of it and get it so that it will be the most economical plan that could be adopted is not a job that any business man can do, or any accountant. We have the only organization combining accountants and engineers, as far as I know, anywhere. There is certainly nothing of the sort in Canada, and as far as I know there is nothing on our side that is like it. And then, of course, the question comes up, is it necessary in con-

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nection with the problems of the Marine Department? We know that it is, we know that it will save more money than it costs even at \$75 a day.

*By Hon. Mr. Foster :*

Q. If you did not think you were superior to others you would go out of work, wouldn't you?—A. If we could not convince a few other people that we are superior to others we would go out of business.

Hon. Mr. FOSTER.—That is all I want to ask Mr. Richards.

*By Mr. Bennett:*

Q. I would like to ask a question or two on this 'production engineering' business. Assuming that you yourself were going to Sorel, and you found there a civil engineer at \$3,000 a year, would you think that man would have been capable, if they wanted a heater for a boiler, to have gone into a proper supply shop, he having the knowledge as an engineer of the thickness of the plates required, and then to manufacture one without any advice you could give him?—A. Oh yes, certainly. Only if he is going to manufacture that heater continually he would not be able to develop the information that gradually would reduce the cost.

Q. You think you could give him information?—A. We could so assemble that information that we could get lessons from the reproduction of that article that would finally bring the cost down.

Q. Let me ask you this question, you did not, I think, meet, or have you met Mr. Cowie?—A. I answered that question yesterday; I do not remember, I do not know him.

Q. Assuming that an engineer receives a salary of \$3,000 per year, from your knowledge as a production engineer, should he be a fairly good man?—A. Certainly, especially in Canada.

Q. Especially in Canada he should be a good man? And if that man, with his knowledge of engineering, considered that a certain thickness of plate would make a sufficiently strong heater, and if that plate was in stock, or was to be ordered, couldn't he then produce that article as cheaply, assuming of course that the money was honestly expended on it, as you should have done?—A. Oh yes, certainly.

Q. Where does that line cease then, that an engineer cannot produce as cheaply as you can?—A. Simply in the recurring operations we get the information and gradually take advantage of what that information develops to reduce the cost.

Q. Well now, a \$3,000 engineer you think, in Canada, should be in a position to produce a heater at the proper price. I will put it that way?—A. Why yes, one heater, he would start the initial heater probably at a fair cost.

Q. At a fair cost?—A. Then as that operation was repeated it ought to be somebody's business to see that it is gradually reduced in cost.

Q. Well now, what kind of work, so far as your knowledge goes, was being performed in the matter of construction; I am confining myself to Sorel?—A. Do you mean at the Sorel shipyard?

Q. Yes?—A. Why you understand I haven't been there, but as I have been advised by our men the practice was very good there.

Q. I see—what class of goods were they manufacturing, producing?—A. I can't answer that.

Q. Were you told they were building ships there?—A. I suppose so, yes.

Q. Do you profess that your firm were able to show them how to produce ships more cheaply than they did themselves?—A. Our firm could show them how to gradually reduce the cost of every effort that went into the producing of a ship, just the same as we could show another man how to reduce the cost of planing lumber, or anything else he was doing continually.

Q. You have this estimate of your abilities that you could go into a large planing mill and show them how they could produce cheaper than they do?—A. Show them how



they could gradually reduce the cost by the 'cost' information. I do not say necessarily cheaper than they do.

Q. If they applied this same process of reasoning themselves and a careful scrutiny of the men employed in the work could they not effect what you effect?—A. Yes, certainly.

Q. So then your services are superfluous assuming that they have good men in charge?—A. Yes, we have figured always that some day we will run across some client that was in perfect condition and that we could not do him any good.

*By Hon. Mr. Foster:*

Q. You have not found that client here?—A. We haven't found him so far anywhere.

*By Mr. Bennett:*

Q. But any \$3,000 engineer you would find in any manufacturing plant in Canada you would expect to be competent?—A. I would assume so.

Q. In the production of any articles, once assuming that you are buying material at the lowest prices, and after that it would depend upon a close scrutiny that the labour is expended on it?—A. Yes.

Q. So that if there is a proper surveillance over the expenditure and the labour, proper results should be produced?—A. Yes, but with the very surveillance that you speak of. You may have a very good man there, and he cannot possibly watch every operation that goes on in your business, but if you have a record of what the results are and get the information early enough so that it is efficient, and if the foreman or the superintendent realizes that if anything goes wrong you are keeping a careful check of every operation, &c., you will get better results steadily.

Q. Assuming as you say you have a good engineer at \$3,000 and that you have an honest foreman to see that the men are employed properly then you should get good results shouldn't you?—A. Yes, I will say yes to 'good' results but I do not want to say yes to the 'best' results.

*By Mr. Bristol:*

Q. It all depends upon a competent engineer, doesn't it? If he has as good a man as you are then you get the best results?—A. I won't say—if the engineer is as good an engineer as we have on our staff, and had exactly the same experience, if he has spent the last eight or ten years wandering through other factories, watching results and studying every device that makes a saving on time and effort, then he is as good a man as we are.

*By Mr. Bennett:*

Q. Do your firm profess to be experts upon the construction of ships and vessels?—A. No.

Q. If it is a fair question, have you supervised the cost of construction of articles in the Massey-Harris firm at Toronto?—A. No.

Q. Your firm's services have never been called into requisition?—A. No, I do not think so.

Q. That is probably one of the largest manufacturing concerns in Canada.

*By Mr. Blain:*

Q. I understand from your answer that you found in operation at Sorel a 'cost' system?—A. My impression is that it did not amount to much as a 'cost' system. Two or three efforts had been made there to get a cost system, and the department had been requested, and had sent down outside men on two or three occasions, but it had not resulted in a 'cost' system that was thorough.

Q. In your report you say there was in force a cost system at Sorel, and you answered to-day that it was a very good system, is that correct?—A. Well, they have a cost system operating there now that we put in.

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Q. I mean prior to that?—A. We say a good store system.

Q. A 'cost' system you say in your report, you have it under your hand.

*By Hon. Mr. Foster:*

Q. Are you not confusing the shipbuilding?

Mr. BLAIN.—We are talking about the shipbuilding now.

A. I cannot answer your question, for this reason, that this report does not touch the shipyards at all.

*By Mr. Blain:*

Q. Very well, did you or did you not find a cost system in operation at Sorel?—

A. My recollection is that we did not; I mean a cost system that was at all satisfactory, because that is pretty nearly the whole work we did there.

Q. Then you are at variance with the report?—A. This report does not touch the Sorel shipyards at all; there is a Sorel agency there.

*By Mr. McCarthy (Simcoe):*

Q. Your report does not deal with the Sorel shipyard at all?—A. Not at all. We have reported on that. We have other reports which do refer to it, but they are not here.

*By Mr. Blain:*

Q. Is there any institution in the United States turning out production engineers?—A. Any institution of learning?

Q. Yes?—A. Why, we get recruits to our staff from the Massachusetts Institute of Technology and from the Stevens Institute. Dr. Alexander Humphrey, of Stevens Institute, I understand, has requested an appropriation of \$100,000 to provide a new course, which he is going to call 'Production Engineering.' That is for the future. From the last graduating class in that institution we got three boys, and Dr. Humphrey told us we got all the class he had.

Q. That is of recent formation then?—A. Oh, no; I do not mean that it is a production engineering class, I mean that these were graduates of his school, this engineering college.

Q. What I meant was that, keeping in view what you stated, that this was important, that you should be able to reduce the cost of manufacturing to such a great extent, I am assuming that the United States would look into that matter because it is very important, and I am assuming also that some educational institution would make a speciality of turning out these production engineers?—A. Dr. Humphrey, of Stevens Institute, is as near to it as anybody—no, there is nobody who graduates a 'production engineer.' It is not a recognized engineering effort in the sense that any educational facilities are provided.

Q. Mr. Falconer that you sent here, has he any special degree as a production engineer, or any of the men that you sent here?—A. No, nobody that we have has any degree as a production engineer.

*By Mr. Bennett:*

Q. Does not the Scranton school turn out some men for this line?—A. I do not know that they carry out that line; I do not believe they do, although they are pretty prompt down there.

Q. They specially devote themselves, I am told, to that special line of engineering?—A. They have all kinds of engineers there, and they are very prompt to pick up new ideas, but I don't think they have a production engineering course; I do not think so.

*By Mr. Reid (Grenville):*

Q. What difference would you say there was between a graduate in mechanical engineering as compared with a production engineer, I mean a graduate of a univer-

city?—A. A graduate in mechanical engineering would have a good foundation for our work, but he would have it all to learn in our office.

Q. He would have it all to learn?—A. He would have it all to learn in our office.

Q. Would you consider a well qualified mechanical engineer capable of going into the Sorel works and figuring the cost?—A. I would not say he was capable of laying out a cost system.

Q. You would not say he was capable of estimating the cost,—A. He could lay out a cost system that would gradually reduce the cost in its operation.

*By Mr. Lennox:*

Q. That is you would not say he could, but he might?—A. He might say that he could and he might do it, but I would not say that because he was a mechanical engineer it would help him much.

*By Mr. Bennett:*

Q. Does the cost of production depend a good deal upon the quantity of the output?—A. It depends upon different articles. I mean that sometimes you can get just as good production economy in manufacturing 50 articles as you can if you manufacture 5,000 and then there are other things where it is very much the reverse.

Q. Supposing it were castings or malleables, could you not produce much cheaper by manufacturing a large quantity?—A. In malleables you might. In the matter of castings, I would not think so.

Q. Take carriages?—A. Yes, quantities in carriages. If all the parts be handled a hundred at a time, it would certainly bring the cost down tremendously.

Q. Is it not dependent upon whether you have to change the gauges on the machinery or not?—A. Yes, and especially where you have the opportunity to get operations performed by piece-work or on a premium basis. It brings the cost down tremendously.

*By Mr. Reid (Grenville):*

Q. Now, Mr. Richards, with respect to this producing engineering—?—A. Production engineering.

Q. In estimating the cost of any article, does not the whole thing consist of this: First finding the quantity of stuff that goes into the article that you are estimating on? That is the first thing, is it not?—A. Right.

Q. The quantity of stuff that goes into the article, estimating the quantity and the cost of that. Then the labour is estimated next?—A. Yes.

Q. Then a certain amount is placed on the value of it for the actual running expenses of the concern?—A. Overhead expenses.

Q. Overhead expenses you would call it?—A. Yes.

Q. Interest on capital?—A. Possibly.

Q. Is that not estimated by the book-keeper in his work; in so far as overhead expenses are concerned, has he not to make an estimate of it?—A. No, not necessarily.

Q. You could not estimate that except you got the figures from the book-keeper in charge of the plant?—A. True, you have got to get the corroborating figures from the book-keeper in charge of the plant.

Q. You have got to get the figures from him?—A. Yes.

Q. He is the only man who could give you those figures?—A. That is right.

Q. And if any business man went into a concern and got from the members of the staff those figures, he could estimate the cost of producing the article?—A. Yes.

Q. It does not require—?—A. If he wants to use that information to reduce that cost then it has got to be assembled along special lines to present that information.

Q. If he has those figures before him?—A. If he has the cost made up on the simple lines laid down, he will know at the end of the period what his cost has been, but he will have no detailed information that will enable him to gradually reduce his



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cost, to reduce one operation after another and bring it down scientifically to the best cost of production.

Q. How do you explain that he would have no information, when he is in charge of the plant that is manufacturing these very articles?—A. I know, but if he made his cost on the general lines you lay down, putting on a certain percentage of overhead expenses on top of the labour and material, he has no direct cost information that will enable him to reduce his cost as time goes on.

Q. When he knows exactly all his overhead expenses, the cost of the material going in and the cost of the labour, what other details would he require?—A. You are stating it generally. I cannot tell without seeing the plant, but he would need those details on all the logically possible operations under which he might possibly reduce the cost eventually. He would want it refined and narrowed down, he would want to know by actual practice whether the making of 75 hubs was just as cheap as 250 hubs, and whether the 250 hubs were sufficiently cheaper to warrant the risk in running them through instead of in units of 75. That is the refinement of cost.

Q. Then you consider a man like Mr. Cowie, a \$3,000 man, would be able to get all the details such as I suggest?—A. For the first cost of an article.

Q. He would not be capable of going further, as you suggested, and estimating whether it would be cheaper to run a great deal more?—A. Carrying out the best system of developing the information as the works went on, not necessarily; he would not.

Q. Mr. Cowie would not?—A. Of course, I don't know Mr. Cowie.

*By Mr. Lennox:*

Q. That is you think you could better judge as to the mode of operation from time to time than he could?—A. That is our experience.

Mr. LENNOX.—I doubt it very much.

Mr. McCARTHY (Simcoe).—You could not put that question generally.

Mr. LENNOX.—I have put the question generally and he has answered it.

*By Mr. McCarthy (Simcoe):*

Q. I referred more particularly to Dr. Reid's question. That question, asked of you in a general way, cannot be answered definitely without regard to the plan of what is to be constructed?—A. No, we would rather make a preliminary examination of the Doctor's plant.

Q. I should say if there was one article manufactured in one shape it would be a simple question, but if there are four or five processes before you arrive at the ultimate production it would be quite a different proposition would it not?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Take one of these large manufacturing plants in Canada, a plant like that of the Massey Harris Company, do you mean to say they are not running it as cheaply as they could if they had your men?—A. Well, we have always been successful in satisfying clients that the amount of money they spent with us was well invested no matter how well the plant was run.

Q. Do you mean to say that men like Mr. Cowie, to whom we are paying \$3,000 a year, are not capable of showing the cost if they could run a plant like that?—A. We are always able to improve it.

*By Mr. Lennox:*

Q. I think you are not quite clear as to the Sorel Shipyard. Did your company investigate the affairs connected with the shipyard?—A. Yes.

Q. Do you know what member of your staff was actually engaged in that investigation?—A. I think Mr. Russell and Mr. Marvin went down there.

Q. And was a report made?—A. Yes.

Q. There was a report furnished to the government?—A. I am not sure about

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that. The report was furnished to the shipyard and we were paid, you will remember, through the shipyard. It was a separate contract from this and we had about \$1,800 for the work we did.

Q. It was entirely separate from this account?—A. Yes.

Q. Was it before or after?—A. During the period.

*By Hon. Mr. Foster:*

Q. You did the work and got paid?—A. We did the work and got paid.

*By Mr. Lennox:*

Q. You know that you made a report, but whether to the parties there or to the government you are not sure?—A. As far as I know, our reports went to the officers in charge of the shipyard. Whether they were afterwards sent to the government I cannot tell; I don't know.

Q. Is it your recollection that there was a cost system in force there or not?—A. Well, from the fact that that rests in my mind as the main service we rendered them. I should imagine the cost system was not perfect. They must have had some cost system.

Q. And the cost of your investigation was about \$1,800?—A. \$1,800 I think, yes.

Q. And why was it kept separate from the other, do you know?—A. For some reason they paid the bills direct.

Q. They paid the bills direct from where?—A. From some Sorel appropriation. I don't know which.

Q. You don't know whether it was a separate matter?—A. No.

Mr. MACLEAN (Lunenburg).—It preceded the other work.

Hon. Mr. FOSTER.—No, it went along with it.

Mr. LENNOX.—Mr. Richards said it went along about the same time.

THE WITNESS.—About the same time.

*By Mr. Lennox:*

Q. It was taken up during the time that you were investigating the affairs generally?—A. Yes.

*By Mr. Bristol:*

Q. Have you done work for any firm in Canada?—A. Yes, lots of them.

*By Mr. Lennox:*

Q. At what points did you introduce the cost system, at Sorel and what other place?—A. At Prescott.

Q. At Prescott?—A. Yes.

*By Hon. Mr. Brodeur:*

Q. You did not introduce it at Halifax?—A. I presume we did, Mr. Brodeur. I was leaving out Halifax because I am not personally posted as to what class of manufacturing they do there.

Q. You did not go to Halifax?—A. I was at Halifax but did not notice that.

Mr. REID (Grenville).—What kind of manufacturing is done at Halifax?

Hon. Mr. BRODEUR.—About the same as at Prescott.

*By Mr. Lennox:*

Q. If you introduced the cost system at Halifax it will appear in your report?—A. Yes.

Mr. MACLEAN (Lunenburg).—I do not think they manufacture anything at Halifax.

THE WITNESS.—The minister says they do. I don't know.

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*By Hon. Mr. Foster:*

Q. You did not see it when you were there?—A. No, I did not see it.

Q. There would be no cost system introduced there unless you knew of it?—A. Oh, yes, there might be. I have not gone over the report so thoroughly as that. I might not know of it.

*By Mr. Lennox:*

Q. If you introduced a cost system there it will be dealt with in your report?—A. It will be in the report, yes.

*By Hon. Mr. Brodeur:*

Q. When did you go to Halifax, Mr. Richard?—A. I don't remember. I went to Halifax while I was at Moncton on Intercolonial work on one occasion to look up something that I especially wanted to find out about, and while I was there, of course, I met Tremayne and went over their methods with him. I did not go to Dartmouth, because it rained a perfect torrent that day.

*By Mr. Blain:*

Q. With respect to the Sorel question I see a letter on the file brought down that contains this statement: 'At the present time the cost system in force at Sorel gives us a close approximation of the work done on each dredge, tug, or each individual piece of construction.' I want to know whether, when you investigated matters at Sorel, you found a cost system in operation and whether it was a good or a bad one?

Mr. PARDEE.—What is the date of that letter?

Mr. BLAIN. September 29, 1906.

A. I do not want to answer that question. Mr. Leland, Mr. Russell and Mr. Marvin would know exactly what they found there. My impression is that there was a cost system. That is based on my knowledge of the man at the head of the yards.

Q. Well then the fact was, that there was a cost system in force at Sorel, and it gave a good estimate of the cost of the construction of each article, when you went there?—A. Yes.

Q. So it was after that you received instructions to look into affairs at Sorel at a cost of about \$2,000, according to the correspondence here? Now what I want to know is did you change or did you suggest that the existing cost system at Sorel should be changed and yours adopted instead thereof?—A. Certainly we did.

Q. Then this was not a fact, this was incorrect?—A. Oh no, not necessarily.

Mr. MACLEAN (Lunenburg).—There are cost systems and cost systems.

Mr. BLAIN.—I know that.

The WITNESS.—You are going to have Mr. De-barats questioned, he can tell you exactly what changes were made and why they were made.

*By Mr. Blain:*

Q. I am assuming that somebody representing your firm went down?—A. Yes, but I did not go personally.

Q. If it was a good cost system I suppose you would suggest that it was all right?—A. All right, yes. As far as I know we did the purchasing and the rest of the systems there we left alone. Not altogether, but we practically left them alone.

Q. Then the cost system in force there could not have been a good one?—A. No, it was not in Mr. Desbarats' opinion. He wanted a better cost system and he got it.

Q. Only partially according to the correspondence?—A. Well that might be.

*By Mr. Bennett:*

Q. Cost is synonymous with production, in your use of that word you mean the production by cost?—A. Not at all, no. Cost of production.

Q. I mean that what you are referring to is in reference to the cost of production?—A. Yes.

Witness discharged.



Mr. G. J. DESBARATS, director of the Sorel shipyard, called, sworn and examined:

*By Mr. Maclean (Lunenburg):*

Q. You are in the government service?—A. Yes.

Q. You are at the Sorel branch of the Marine and Fisheries Department?—A. I am at the Sorel shipyard.

Q. What is the name of your position?—A. I am director of the Sorel shipyard.

Q. What is done in that yard, what works are carried on there?—A. The principal work at the Sorel shipyard is the construction of certain dredges and vessels for the use of the government, the repairs of all the government fleet which is employed on that section of the river, and more particularly the repair and upkeep of the dredging fleet of the St. Lawrence ship channel.

Q. About how many men are employed there?—A. About 800.

Q. Under you?—A. Yes.

Q. How long have you been there?—A. I have been there about seven years.

Q. What was your occupation before that?—A. I am a civil engineer by profession.

Q. You are by profession a civil engineer?—A. Yes, sir, a civil engineer.

Q. And mechanical?—A. And mechanical, yes; I have had a good deal of experience in mechanical matters.

Q. Did you ever hear of Gunn, Richards & Company in your life before this inquiry came on?—A. Yes, for a number of years I have been interested in looking after costs of work. I was employed by a large firm of contractors as their engineer, and as such I looked after the cost of the work. Before that I had also been interested in looking after cost of work, and I had made a study of the different systems of cost keeping.

Q. That is privately?—A. Privately. Within the last fifteen years this question of cost of production has undergone a complete revolution, a new system of keeping costs has sprung up, and this system of keeping costs in manufacture and on public works, on contract works, has assumed an entirely different aspect, and is being kept in the larger establishments on newer principles. I have studied these principles, there have been a great many articles in the engineering magazines published during the last few years and a number of works have been published on this subject; and the name of Gunn, Richards & Company has been mentioned very prominently in those articles as being pioneers of this new science of cost production engineering. They are a well known firm in the United States, and while I had no personal knowledge of them, I knew them well by reputation as a very high class firm in this branch.

Q. Did you have control of the system of book-keeping up to then in your department there?—A. Yes, I have control of all operations in the shipyard.

Q. Had you control of the system?—A. Yes; when I arrived there I did not find that the system of store-keeping, of receiving and issuing the material, was satisfactory; I was not satisfied with a great many features of the general book-keeping, and I made certain changes. After a while I got the store-keeping accounts in what I considered good shape. I got the general accounts in good shape, and I felt that we had a pretty fair system. I tried on various occasions to introduce a more detailed cost system; my time was too fully occupied to be able to go into the details of this matter, and I was able to give general instructions on the subject only. I could not find on my staff a man who was able to follow out those instructions and put in a proper system, and I represented this to the minister at that time, the Hon. Mr. Préfontaine, who sent down a man to me who, he said, knew something about this business, a Mr. Clement.

*By Mr. Bennett:*

Q. Where did he come from?—A. Montreal. I think Mr. Préfontaine made a mistake in the matter: the man was not competent: he was an ordinary accountant, and when he came down he told me he knew something about cost accounting. He did not prove competent to put in a new system.

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*By Hon. Mr. Foster:*

Q. Were you asked to find out and recommend such a man?—A. No.

*By Mr. Maclean (Lunenburg):*

Q. You asked the minister for a man?—A. I asked the minister for a man.

Q. Did they ever give you another man?—A. Yes, they sent another man down from the Department of Marine here—an accountant in the employ of the department—and he did some work for us.

*By Hon. Mr. Foster:*

Q. Who was that?—A. Mr. Davison.

Q. Who sent him?—A. The Department of Marine.

Q. When?—A. A couple of years ago; he came down at various times.

*By Mr. Maclean (Lunenburg):*

Q. He is in the service?—A. He is in the service yet. While he did good work on our general accounting system still he did not grasp the matter of the cost system. He had no—

*By Hon. Mr. Foster:*

Q. What became of Mr. Clement?—A. He was transferred to Ottawa for a while and I believe he is now in business in Montreal.

*By Mr. Maclean (Lunenburg):*

Q. Then you were satisfied with the assistance you got from Mr. Davison were you not?—A. Not in regard to the cost system.

Q. He was a good enough accountant?—A. A good enough accountant but he had no special experience in cost systems, although he claimed to have worked for the Montreal street railway and to have ideas on that subject. A little later on Mr. Brodeur spoke to me one day. Before that I would say that one day Mr. Falconer called on me and stated that they had some communication with the Department of Marine and Fisheries in regard to inspecting accounts and did I consider that there was work they could do at Sorel. He was looking for business. It was simply a general conversation on the subject of the shipyard. A little later Mr. Brodeur spoke to me that a firm of accountants were going to investigate the system of accounts, to look over the system of accounts in the department and in connection with the different agencies, and he asked did I think it would be a good thing to send them to Sorel. He told me who the men were and I had understood from Mr. Falconer that this was the firm of Gunn, Richards & Company, of whom I had heard before. I said to Mr. Brodeur that while I considered our general system was good, I would be very glad indeed to have a firm of experts go over it and see if there were any improvements that they could suggest, and that it would be a great satisfaction both to the minister and myself to have this done. While I considered the system at Sorel a good one I might be mistaken, that there might be things susceptible of improvement and it would be a satisfaction for the minister to have outside opinion on the system which we had. Further than that, I wanted to have a detailed cost system installed; that I had tried before to get it installed, and as these men were specialists in that particular line that I would be very glad to have such a system put in by them at Sorel. Mr. Brodeur requested me to meet Mr. Falconer and to report to the department on the subject. Mr. Falconer, with whom I had had a conversation, made a preliminary estimate. He looked over our work and said that as far as he could see our general system was extremely good but that we needed—

*By Mr. Bennett:*

Q. Who said that?—A. Mr. Falconer. He suggested that we needed an extension of our cost system and I wrote a report to the department, a few sentences from which were read by a gentleman here just now, in which I stated—

*By Mr. Maclean (Lunenburg) :*

Q. That was the letter from which Mr. Blain was quoting?—A. That was my letter. In this report I stated that while we had a very fair cost system at Sorel in a general way, while we could tell what the cost of a dredge or a tug, or any large piece of work was, we had not a proper detailed cost system which would enable us to show the cost in each detailed part of that tug or dredge, or other piece of work, and we lacked a proper distribution of the overhead charges and of the general expenses. We had a distribution of such charges but it was not satisfactory and I wanted a more detailed cost system installed. The estimate which Mr. Falconer gave me was about \$2,000 for the services of his men, apart from travelling and living expenses. This was what I reported to the department and I was authorized to expend a sum not to exceed \$2,000 for services in connection with the installing of the cost system at Sorel. I then made arrangements with Mr. Falconer and I notified him to this effect. He came down to Sorel with Mr. Doud and Mr. Marvin, two members of his staff. Mr. Doud was a mechanical expert, Mr. Marvin was a book-keeping expert. They went over our works together and they considered the lay out.

*By Hon. Mr. Brodeur :*

Q. Who was the mechanical expert?—A. Mr. Doud.

Q. And the accounting expert was?—A. Mr. Marvin.

*By Mr. Blain :*

Q. Do you refer to the shipyard as well?—A. The shipyard as well as what? What is the question.

Q. My friend here advises me that there was no investigation into the Sorel shipyard whatever and I want to clear that point up?—A. What is the question.

Q. I am anxious to understand this. I want to know whether your evidence refers exclusively to the shipyard and the construction of ships at Sorel, or whether it covers your whole business, accounting and everything else?—A. My—

Q. I just want to know it that is all?—A. I do not quite grasp your question.

Q. I want to put it right, pardon me if I did not make it quite plain. I want to know whether your evidence to-day refers exclusively to the construction of ships at Sorel and what is being done in your shipyard there, or whether it covers your other business, accounting and office work as well?—A. The accounting and the office work is in connection with the shipyard.

Q. When you say you have a good accounting system, does that apply to the Sorel shipyard or to your whole business?—A. The Sorel shipyard is my whole business.

Q. But you do other business there?—A. No. I am in charge of the shipyard.

*By Mr. Lennox :*

Q. Your evidence refers solely to the shipyard?—A. Yes, I am not in charge of anything else.

*By Mr. Bennett :*

Q. There is a large expenditure under the heading of St. Lawrence Ship Channel the charges in connection with which amount to upwards of a million dollars a year. Now do you supervise every part and parcel of that million dollars?—A. No, I do not.

Q. Well, then, let us understand where the line of cleavage is?

Mr. MACLEAN (Lunenburg).—I object to going into the question of any expenditure in connection with the ship channel.

Mr. BENNETT.—I am simply asking if this expenditure comes under his supervision so that we will understand the evidence, that is all.

Hon. Mr. FOSTER.—That is all right, so as to get a clear understanding of what he is giving evidence upon.



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*By Mr. Bennett:*

Q. Will you tell me what particular part of the work comes under you personally?

—A. I am in charge of the shipyard

Q. Exclusively?—A. Exclusively. When a ship comes into the yard I am in charge of it. When a ship goes out of the yard into the channel my responsibility ceases, except in so far as repairs may be concerned.

Mr. BENNETT.—That is what we want to know.

*By Mr. Blain:*

Q. In this report of the men who made the investigation I see the statement: 'At Sorel we found no timekeeper nor foreman in charge.' Does that apply to your department or to some other department at Sorel?—A. To another department at Sorel.

Q. What other department?—A. It is the Sorel branch of the Montreal agency of the Marine and Fisheries Department.

Q. That has nothing to do with your business, and you have no control over it?

—A. I have no control over it at all.

*By Mr. Maclean (Lunenburg):*

Q. Do you remember where you left off in your narrative? You were talking about Mr. Doud and Mr. Marvin?—A. They came down and took a look over the shipyard at the various methods we had in force there for gathering information for making out our accounts, &c. They stated to me that they had been over a great many industrial propositions and that they found that our methods of gathering information, of getting them together and issuing stores were extremely good, that very few industrial propositions were any better or even as good as we were but that we lacked the detailed cost information which I was anxious to get.

They started work then, and they went there, the experts stayed there for some time studying up the question. They went away and then gradually they submitted different reports on the subject of this cost system. They visited the shipyards at various times, consulted with our men, did work with the men in the different branches, and finally evolved a complete system of cost accounting. While the original system of general accounts they found was quite good they submitted certain minor alterations in this general system so as to work in with the details of the cost system they were installing. Their system was put in force with the beginning of the next year, that is on the 1st of April of last year, and has been in operation a year. After the system was put in force, when our first month's balance sheet came up Mr. Marvin came down and supervised the balancing of our books to see that we got everything in correct shape. A little later on, when we came to the second balance sheet, in the first balance sheet he suggested certain alterations, when the second balance sheet was made he came down, looked over our work, and finally concluded that we understood the system thoroughly, and has not been back since. He left us with the arrangement that at any time if we have any difficulty with the system, if there is any difficulty crops up, they would always be at our disposal for the interpretation of these defects or the removal of them.

*By Mr. Hughes (Victoria and Haliburton):*

Q. At what cost? At some additional cost, though?—A. Naturally, we were paying them on a per diem basis.

*By Mr. Maclean (Lunenburg):*

Q. Have you experienced any benefits from—

*By Hon. Mr. Foster:*

Q. What was the cost of the work?—A. \$1,749.55.

*By Mr. Reid (Grenville) :*

Q. That is all the firm of Gunn, Richards & Co. ?—A. Well, the accounts were to Kenneth Falconer.

Q. What I mean is that all the work they did at Sorel ?—A. Yes.

*By Mr. Hughes (Victoria and Haliburton) :*

Q. Did that include the per diem allowance ?—A. Yes, and their board and expenses, everything, it was considerably under the estimate.

*By Mr. Maclean (Lunenburg) :*

Q. Have you experienced any benefit from the operation of that cost system ?—A. Yes, the cost system is working most satisfactorily now. We are getting detailed information as to the different elements of the cost of manufacture in our different works. The immediate effect of such a system might not be evident, but as time goes on, and as these records accumulate, they will be of great value. They are already enabling us to detect the weak points in our system. If we found that an article was costing us too much it was difficult before to locate the exact spot where that excess of expenditure was being incurred.

*By Hon. Mr. Foster :*

Q. By 'article' you mean manufactured product ?—A. Yes. Now, under this system we are far better able to go to some foreman and say, 'That article costs too much, you are the man who is responsible for it, it is your department which is costing too much.' This extra cost may be in his overhead costs, general expenditures, which may be too high; it may not necessarily be in actual work of the men engaged on direct labour; his charge for light, heat and power may be too much, he may be consuming too much power; or his charge for repairs to the shops may be too much, he may be getting too many repairs to the shops, or he may not be looking after his machinery.

*By Mr. Hughes (Victoria and Haliburton) :*

Q. How could he have too many repairs to his shops, if it needs repairing he must do the work ?—A. He may be too extravagant in his ideas of what repairs may be needed.

Q. That is a different matter.—A. He may not take care of his machinery, and they may require too many repairs. There are a great many ways in which there is indirect cost; it is a very difficult proposition to deal with in all manufacturing establishments and a difficult affair to get at, and it is the item in cost in which the greatest economies can generally be made. This system enables us to put our finger on each item which is costing unduly, and to control it, and to see whether we can improve it, and I think the system is of great value in that way.

*By Mr. Reid (Grenville) :*

Q. Do you think if you had the time to devote to it you could have got it into as good shape as they did ?—A. I thought so at the time, before they put in the system. I do not think it now, and I know I haven't the time.

*By Mr. Maclean (Lunenburg) :*

Q. Do you know anybody in Canada that could have done that ?—A. No, I do not.

Q. There may be people, but you do not know of them ?—A. I do not know of any.

Q. Do you know of Gunn, Richards & Co. having done any work in Montreal or anywhere around there ?—A. Yes, at the time they started in at work for us I found that one of the firms with which we are dealing, one of the large Montreal firms, the Montreal Steel Works, were having similar work done by them; they were putting in the cost system there.

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Q. How has it worked out at the Montreal Steel Works?—A. It has worked out extremely well. The vice president of the Montreal Steel Works, Mr. Angus, told me the other day it was the most satisfactory system, in fact, he said, he did not know how he had done business before they had the system.

Mr. LENNOX.—That is hardly a fair way of bringing that evidence in. If you want the evidence bring the parties here to state for themselves what their experience has been.

*By Mr. Blain:*

Q. I want you to listen to this paragraph of your own letter and say whether it is correct or not. In a letter to the minister dated September 29, 1906, you made this statement:—

‘At the present time the cost system in force at Sorel gives us a close approximation of the work done on any dredge or tug or individual piece of construction.’

That was not correct?—A. That is what I have just said.

Q. When you made this statement you did not know really what the cost of your vessels was?—A. Yes I did, and that is what I am saying.

Q. Well, it is either correct or it is not, that is what I want to get at?—A. It is perfectly correct and exactly what I am saying.

Q. I will read this again: ‘At the present time the cost system in force at Sorel gives us close approximation of the work on each dredge, tug or individual piece of construction.’ On September 29, 1906, you had charge of this place, and you were responsible for the men, the cost, and you wrote this over your own signature, was it correct or was it not?—A. That we had a close approximation of the cost of those vessels is perfectly true.

Q. But you have found since, according to the new cost system, that was not true?—A. No, I haven’t.

Q. What have you found?—A. I have found that we have better information as to the various elements which enter into the cost of each dredge, or tug, or other piece of machinery.

Q. Then the fact is you didn’t know that when you wrote the letter?—A. If you will read that whole report, you will see that I exactly say that; that while we have a close approximation of the cost of each dredge, or of each tug, we have not the proper information of the details, the elements which enter into the cost of that dredge.

*By Mr. McColl:*

Q. Do I understand you to mean this, that although you had approximate information as to the cost of these articles, you had no way of ascertaining whether this cost was too much or not?—A. No, that is not what I mean.

*By Mr. McCarthy (Simcoe):*

Q. The various details make up the whole, and you had the whole, but not the details?

*By Mr. Blain:*

Q. Let the witness answer. What I want to know is whether the statement in your letter is correct? You either did know the cost or you did not. What I want to know is, when you made that statement in 1906, did you know, or was your system so lax that you were unable to tell the real cost?—A. Oh, no; we were able to tell the cost of the dredge, or tug, or any other piece of machinery.

Q. Well, then, did the changed system now in force, which was introduced by Gunn, Richards & Company, assist you any in that respect?—A. I beg your pardon.

Q. Will it assist you any in obtaining the cost of these articles?—A. It will assist us in giving the detailed cost in the various elements and the preparation of the different elements.



Q. Pardon me, I do not see how you can get the cost of an article unless you have the detailed cost of it?—A. You can probably get the total cost without a proper division.

The CHAIRMAN.—I think the question is in order.

Mr. MACLEAN (Lunenburg).—I am objecting to a question the answer to which is obvious to anybody.

*By Mr. Blain:*

Q. What I am anxious to learn is this: You either were in a position to know the cost of these articles before Mr. Richards introduced his new system or you were not. Now, you having full charge of this shipyard, I want you to state whether you were or not?—A. I have stated that already this morning. I am quite willing to state it again.

Q. Very well?—A. At that time we were quite able to state approximately the cost of a vessel, or a dredge, or any other article which we manufacture. We were not in a position to give the detailed cost of the various elements which entered into that cost. We were not in a position to distribute properly and exactly the overhead charges. We distributed in a fair manner, in the ordinary manner in which it is done in most manufacturing establishments in this country, but to my mind we were not distributing our overhead cost in a thoroughly scientific manner, and I wanted that done. Now, the system which Gunn, Richards & Company have put in has enabled us to do that. I know enough about the cost system to know that our system formerly was not perfect.

*By Mr. Hughes (Victoria and Haliburton):*

Q. Can you give us an illustration?—A. Yes.

Q. Of the changes?—A. Now, say that before, under our previous system, we were building a boiler—

Q. Say a tug?—A. A boiler say, or a tug—any article. We would have a record of the number of men employed on the work of that tug. We would have the number of days that they worked on that tug. We would have the cost of that day labour. We would not have the cost of the light, heat and power consumed in the work of that tug.

Q. In each department?—A. In each department. We knew all that. When the tug was finished we knew that the direct labour on it was so many days. We would add a percentage of, say, 20 per cent to cover administration charges and overhead charges generally. We had no means of ascertaining whether that 20 per cent that applied to that tug was properly distributed, whether we were robbing some other job which had not taken so much of the indirect expenses, whereas perhaps that tug had taken a far larger proportion. Now to-day, each month we make out a balance sheet. The indirect expenses in the machine shop have been so much. The indirect expenses in the boiler shop have been so much.

Q. By indirect expenses you mean power, light, and so forth?—A. Shop consumption of so much power, and it is charged each month with that proportion of the cost of the power for that month. Each shop in winter consumes so much heating, and it is charged with that proportion of heating. Each shop consumes so much lighting and is charged with that proportion of the lighting. Each shop has its particular repairs to machinery, for building and various other affairs, which are charged up to it. Each shop also consumes a certain amount of small tools, which are not capital expenditure, but essentially a revenue expenditure. This is also charged up to each shop.

Q. Do you make your own tools?—A. Some of them and some we buy. At the end of each month we draw out a balance sheet in which each department is charged with all these different expenditures. Each shop has its own number. The direct expenditure of a particular shop on labour amounts to so much. The indirect expenditure for that shop is so much. It is said a percentage of the direct labour in that

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particular shop; that same percentage we add to the direct labour to arrive at the true cost of the labour done on a job in the shop during that month.

Q. That is under this new system?—A. Under this new system.

Q. You did not do that previously,—A. No, we added a general percentage to everything.

*By Mr. Blain:*

Q. How did you arrive at a general percentage?—A. We were only able to arrive at this general percentage at the end of the year when we balanced up our books and we found that we had charged indirect labour so much. We had so many general charges, office expenditures and various other general expenditures. That meant a certain percentage that we had to add to all our expenditure. We were not able to balance up our books every month. It was only at the end of the year that we were able to get at this and then we only got it in a general way. We got an approximation but not an exact cost.

Q. The new system might be more definite but does it effect a saving?—A. Yes, I think so.

Q. Will you please explain?—A. It is not that the system actually effects a saving, but it affords us the chance of seeing where the expenditure is. The system itself does not affect the saving but it gives us a chance of localizing the different expenditures and of putting our finger on the item which is too high.

*By Hon. Mr. Foster:*

Q. That is it assists you to a pretty nearly perfect distribution?—A. That is exactly what it does, and by giving us that perfect distribution it enables us to put our finger on the particular thing which is costing us too much money.

*By Mr. Lennox:*

Q. I understand that you charge a specific amount, under the new system, to each shop?—A. No.

Q. What do you do then?—A. We charge to each shop the exact amount to which it is entitled for that month.

Q. I know, but it is a specified and not an estimated amount,—A. No, not estimated but the actual amount expended.

Q. How do you arrive at the amount you charge?—A. That actual amount is made up of a variety of elements.

Q. You say you charge up for heating?—A. Yes.

Q. Do you measure the heat?—A. No, each shop has a certain area. The large shop will be charged with consumption and the small shop in proportion to its area, approximately in proportion to the amount of heat consumption.

Q. You do not actually measure the heat, but you estimate the heat by the area?—A. Yes.

Q. The same with the light?—A. No, according to the number of lamps employed in each shop.

Q. You estimate the quantity of light by the conditions you know to be existing there?—A. Yes.

Q. But as far as the total cost is concerned it does not affect the question in the carrying out of the works at Sorel,—A. It does not affect the total cost. It enables us to localize the cost and thereby to improve our system.

Q. It enables you to come closer as to how it should be appropriated in the first instance?—A. The main idea is to reduce the cost.

Q. We know what the object may be, the immediate effect is that you appropriate more satisfactorily than you did before?—A. We distribute the cost in a much more satisfactory manner.

Q. And that was the principal defect under your former system, that you could not get a proper distribution of the overhead expenses?—A. That is the main object.

Q. So that what you have accomplished by the inauguration of the system there,

which was not very expensive, is that you have now got a more complete and perfect distribution of the overhead cost?—A. That is the main feature of it.

*By Mr. McCarthy (Simcoe):*

Q. Was there any reduction of the cost?—A. It will enable us to reduce the cost.

*By Hon. Mr. Foster :*

Q. And yet with this new system you do not get at a perfectly scientific result, there is an approximation in it all through?—A. Yes.

Q. But you approximate it more closely now than you did before?—A. Under this system of 'cost' we can approximate as closely as we like, but as each step in the approximation costs a little more money the question is whether it is worth while to go into it to the limit of each cent or not.

Q. It is an approximation, and must necessarily be so, unless you measure every atom of heat that goes into every shop, and every bit of light that is consumed?—A. We have to be practical in our application of it.

*By Mr. Lennox:*

Q. You say that you have been reading the periodicals and magazines, and giving some considerable study to this question of cost system?—A. Yes.

Q. You mention that you have been reading some of the American publications, and you saw the name of Gunn, Richards & Company frequently?—A. Yes.

Q. You don't know, of course, who wrote those articles?—A. I could mention the names of some of the authors.

Q. Some of the names that were appended to them, and in that way you became familiar with the name of Gunn, Richards & Company as prominent accountants?—A. As prominent accountants in this line of business.

Q. You did not become familiar with the name of Mr. Falconer in that way?—A. I think I saw Mr. Falconer's name appended to one article in a magazine.

Q. But the conspicuous parties that you had noted in this connection were Gunn, Richards & Company?—A. I had never heard of Mr. Falconer as a firm before I met him in this connection.

Q. You never knew him as a specialist in this line of business?—A. I read an article that he wrote himself, in a magazine, I simply saw his signature.

Q. On some scientific matter that he was discussing?—A. On this cost production.

Q. So that when the name was mentioned to you, that Gunn, Richards & Company were about to undertake this work you had some knowledge of them in that way?—A. Yes.

Q. To what extent did you understand from the minister that he was about to engage them to go over the system of the Marine and Fisheries generally?—A. He did not consult me on that subject. He said in a general way they were going to do some work for the department.

Q. That is Gunn, Richards & Company?—A. No, he said Mr. Falconer.

Q. You said that when he mentioned Gunn, Richards & Company you knew the name already?—A. When he said Mr. Falconer I mean that I understood from Mr. Falconer he was the Canadian agent of Gunn, Richards & Company.

Q. What did you say to the minister about Gunn, Richards & Company at the time he asked your opinion about it?—A. I do not think I said anything to him about Gunn, Richards & Company. I think he mentioned Mr. Falconer to me.

Q. Did he mention Gunn, Richards & Company to you?—A. Not that I remember.

Q. Then I did not understand you properly before. I understood you to say that he told you who the men were and that you had known the name of Gunn, Richards & Company before?—A. Well, when Mr. Brodeur said 'Falconer' to me I identified him as the Canadian agent of Gunn, Richards & Company.

Q. Did you know that as a matter of fact yourself?—A. Mr. Falconer had told me that he represented Gunn, Richards & Company.



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Q. Did you mention Gunn, Richards & Company, to the minister?—A. I do not remember mentioning Gunn, Richards & Company, no.

Q. When Mr. Falconer came down to your place I understood you to say he said your system was, speaking generally, pretty good?—A. That our general system of accounting was good, and our stores system.

Q. And you yourself wanted a more detailed cost system?—A. Yes, I wanted our system extended.

Q. You knew perfectly what you needed?—A. Yes, I had a very clear idea of that.

Q. You say you think if you had time you could have installed such a system?—A. No, I do not think that, I thought so at the time, but knowing the work they have done I do not think I could have done as well as they did.

Q. I am not asking about a matter of comparison, but couldn't you have installed a cost system if you had time?—A. No, I do not think I said that, Mr. Lennox. I said I thought at that time. I knew I had a fair idea of cost systems, I have done some cost work myself, and I thought then that if I had time, if I devoted my whole time to it, I could have installed a cost system. I know now that I could not have installed such a good system as they put in.

Q. By the way, this time they were paid differently, for the work done in this connection, from what they were in the other case. They were paid at Sorel?—A. No, the arrangement at Sorel was that they were to be paid on the same basis as they had been with the Marine and Fisheries Department.

Q. But as to the actual payment, was the amount paid through the Sorel department?—A. Yes, it was paid on my certificate.

Q. On a cheque issued at Sorel?—A. No, on a cheque issued at Ottawa on my certificate.

Q. And paid as a separate matter?—A. Yes, and charged to the Sorel shipyard.

Q. The work was done during the time they were working for the department generally?—A. Yes.

Q. How many men did you say you had employed down there?—A. About 800.

Q. In the shipyard you are speaking of, your own business?—A. Yes.

Q. How are they employed, are they recommended to you?—A. Yes.

Q. By whom, generally?—A. By—

Q. Or is it by different parties?—A. By different parties.

Q. Does the Government take any interest in who shall be employed?—A. Yes.

Q. How is that done?—A. Well, if a man wishes to get employment at the Sorel shipyard he generally obtains a recommendation from some member of parliament, and he then applies for a position.

Mr. BENNETT.—Members of parliament on which side?

*By Mr. Lennox:*

Q. Never mind, I only want to get at the fact generally. I am just getting at the different steps, Mr. Desbarats. You generally have a recommendation by a member of Parliament?—A. Yes.

Q. What other recommendations?—A. Well, I would get some recommendation, it would depend upon the standing of the man very much. If it was a common day labourer I would not require much.

Q. Supposing a day labourer has a recommendation from a member of parliament that would be sufficient?—A. Then I would put his name on the list with a record of his experience, where he had worked before, what he had done, his age, what he looked like, if he was a likely looking man.

Q. Are you describing a day labourer now?—A. Yes.

Hon. Mr. FOSTER.—I thought it was a member of parliament you were describing.

*By Mr. Lennox:*

Q. What do you mean by 'a likely looking man,' that has nothing to do with the man politically?—A. No, that is physically.

Q. That is his ability as a labourer?—A. Yes.

Q. And what is the next step?—A. And when the time comes that I need a man I would look over the list to see what I had in the way of likely men, and take that man in..

Q. Would you take them in the order in which they are on the list or would you exercise judgment at the time?—A. Yes, I would judge what I wanted.

Q. Take the higher class of employees, do you get a recommendation from a member of parliament just the same?—A. Yes.

Q. He may be mistaken in his recommendation?—A. Yes.

Q. What lines do you get?—A. Mechanics, painters, boilermakers, carpenters, helpers, and other skilled labour.

Q. These men, skilled labour, do you get them recommended by a member. Do you inquire as to the capacity of the member as to his competency to judge of the ability of these men as skilled labourers?—A. No, the member has nothing to do with the judgment on that point.

Q. Then do you consult the department in any way or do they consult with you?—A. Not as a rule.

Q. What I want to know is do you get any intimation from the department as to the desirability of employing certain men?—A. Occasionally I would get a recommendation from the department that a certain man might be employed if we needed him.

THE CHAIRMAN.—It seems to me this is rather remote from the matter under consideration. What we are investigating here are the payments to Mr. Falconer.

*By Mr. Lennox:*

Q. The efficiency of these men enter into the question of the ultimate cost does it not?—A. Certainly.

THE CHAIRMAN.—That is only by way of illustration.

*By Mr. Lennox:*

Q. What I understand then is that you get a recommendation from a member of parliament and sometimes a recommendation from the department?—A. Yes, very seldom from the department.

*By Mr. Foster:*

Q. Comparatively?—A. Yes. Of course these 800 men are mostly old hands. We have had most of them for years and years.

*By Mr. Lennox:*

Q. I suppose 200 of them will be dropping out every year?—A. A great many of them were there before I was.

*By Mr. Barker:*

Q. Would there not be an average of 200 men dropping out every year?—A. There would be quite a number.

Q. I believe one of the objects of this cost system is to enable the director to supervise more effectually the yard and the ships?—A. Yes, it is a great help.

Q. It gives him more control over the working and the operations?—A. Yes.

Q. When he gets the results he finds that it costs so much. How does he test whether he has got it down low enough or not? I ask you that for this reason: a manufacturer has got competition. As soon as he finds that a competitor is beating him he looks into the cost to see where he cuts down. How do you arrive at the information?—A. In certain cases in exactly the same way. In certain cases we find that the department has purchased by tender, or has purchased in other places certain articles similar to what we are making. If our costs do not agree with the cost of the article, deducting the little variation which may occur, then there is something wrong.

Q. Then you take your cost system and see where it is?—A. See where it is?

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Q. Where do you get the information as to the cost of articles, do you take the Auditor General's Report? For instance there was a boiler bought from Mr. Merwin, would you test the cost of an article which you produce with that?—A. You get your information in a great many general ways.

Q. Do you take the Auditor General's Report?—A. Yes, occasionally that is one of the sources of information.

Q. Take Mr. Mervin's case of which you know something, how would you know whether the price was a fair one for the purposes of comparison?—A. If I knew about a particular case I would certainly be able to tell.

Q. Because, you say, you would know?—A. Yes.

Q. Now, another thing; a manufacturer would go to work with his cost system and try to find out whether his yard or ship was overmanned?—A. Yes.

Q. Do you do that?—A. Yes.

Q. Have you, on any occasion, cut down the staff?—A. Yes.

Q. You have?—A. Yes.

Q. As a result of this system?—A. Even before that.

Q. I mean since the introduction of this system?—A. Yes.

Q. Give me an instance of that?—A. It depends upon the work that we have on hand. It is entirely dependent upon that.

Q. I do not mean that. Have you deliberately, as a result of this system, ever cut down your staff?—A. No, I don't think I have had occasion to since this system was put in.

Q. You are going into the cost of your yard with a keen eye to improvement. Do you go into the question of what you are charged per horse-power for your electric power?—A. Yes.

Q. Do you endeavour to ascertain whether you are charged too much for your power?—A. That would be a thing that I would look into.

Q. Do you never look into that to see whether you are charged with a fair proportion or whether the charge itself is reasonable?—A. I don't quite understand that.

Q. I suppose the electric power furnished at Sorel is given to other departments than yours?—A. No.

Q. You alone use it?—A. Yes.

Q. Who supplies the power?—A. The Sorel Electric Company.

Q. Then, in order to test your system, have you ever endeavoured to ascertain whether their charges for furnishing power are fair and reasonable?—A. I don't think that this system would affect their charges for power at all.

Q. But your system enables you to know exactly what you are paying?

Mr. LENNOX.—And affects the total costs.

A. No, that would not touch the question of electric power.

Q. You know what the power costs you, don't you?—A. Yes.

Q. I am assuming that you are acting the same as a manufacturer would when you are charged on a particular tug or boiler so much for power?—A. Yes.

Q. And you want to test whether that can be reduced at all.

Q. Do you go into the question of what you are paying for your electric power?—A. Yes.

Q. Have you done that?—A. Yes.

Q. And have you found that recently?—A. I have found that at the present moment we are acting under a contract.

Q. Apart from what I am asking, you have found the charges made against you for electric power?—A. I have found that I thought in renewing this contract we could do a little better.

Q. A little better?—A. Yes.

Q. Only a little?—A. Well, I don't know how much—some better.

Q. Have you reported upon that?—A. I took occasion to converse with the minister upon the subject.



Q. Only a conversation?—A. Yes.

Q. Ministers come and go. Don't you think that in a matter of that kind you ought to report in writing?—A. My report is under way now.

Q. Then you are reporting upon the cost of the electric power that you get from this Sorel company?—A. Yes.

Q. Have you studied that carefully?—A. I am looking into it now.

Q. You have not finished it?—A. No.

Q. Was your attention directed to that before?—A. Yes.

Q. How long is it since you had reason to look into that?—A. It has always been before my notice.

Q. How long have you had that power at the rates you are paying?—A. Four years for a part of it, two years for another part.

Q. Four years for a part of it, and you have never up to this time reported your views as to whether you were charged too much for power?—A. There was no question of reporting before. Our contract was for a definite period, and there was no question of touching the contract before its expiration.

Q. Have you never, during the four years of this contract, or for part of it, considered whether you were charged too much?—A. I did not consider whether we were paying too much.

Q. You did not know?—A. I did know. At the start I did not think we were paying too much.

Q. You think you are paying too much now only?—A. Circumstances have changed. I think we are paying too much now.

Q. Have you any practical knowledge of electric power?—A. I have a fair technical education in things of that kind.

Q. And you think the charges paid during the last three years or so are not unreasonable?—A. I think at the beginning there was good reason for the rate which we paid.

*By Mr. Lennox:*

Q. But not now?—A. I think that now under the conditions that exist we can do better.

*By Mr. Barker:*

Q. You think that you could not have done better during any time the contract has been in force until now?—A. We could not change the contract.

Q. I am asking you purely in connection with this cost system?—A. This has nothing to do with the cost system.

Q. Yes. I want to find out if the cost system has enabled you to find out whether you paid too much?—A. The cost system has had absolutely no effect upon that item.

Q. Was there anything else that you have paid for in the past, either heating, lighting or anything else, that you were charged too much for?—A. No, it is more the internal charges, which arose out of the administration of the department.

Q. The overhead charges, do you mean?—A. Yes, the overhead charges.

Q. Then you did not, even under your own cost system, go into the question of the reasonableness of the charges, did you, for light or power?—A. Certainly I did.

Q. You did; with what result, then?—A. With the result that at the time that the contract was made I thought the prices we were paying, under the circumstances, were reasonable.

Q. Was that cost of the distribution charged to you the same, or did you inquire as to what other people, large manufacturers, paid for the like service?—A. It was difficult to establish the condition at Sorel; there were no other large manufacturers using electric power.

Q. Where do you get the power from?—A. From Shawinigan Falls.

Q. You had no means of comparing your charges with others?—A. I had to take the conditions in other places similarly situated where there was very small consump-

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tion of power, and where the expense of bringing it from such a distance was very considerable; I had to take these things into consideration, and under the circumstances I considered we were not paying an excessive amount for the power.

Q. You thought you were paying a fair amount?—A. Yes.

Q. Was it after the cost system was put in that you changed your mind about that?—A. No.

Q. You thought that from outside information as to the cost?—A. Oh, yes; general commercial information.

Q. But you never reported that until now?—A. There was no occasion for reporting it.

Q. Wouldn't you think, under this cost system, if it was to be of any service to the department, that it would be your duty immediately on finding that the cost of anything was excessive, even if it was under contract, to immediately report?—A. This cost system has nothing to do with it.

Q. If it is no good at all, perhaps it has nothing to do with it. Now, suppose you find the cost of any branch is excessive—that is what I want to know—when we get this new system, with all this information, in operation, whether you wait until the end of the contract before you find out that it is excessive? Do you mean to say that the result of this system—you are the man in charge—and if you see that your wages, the cost of electricity or anything else, is excessive, you will not report upon it to your minister unless it is near the end of the contract?—A. You are applying this cost system to a thing that has absolutely nothing to do with it.

Q. You find out under this cost system exactly what your power costs you?—A. I knew that before, the only thing that this system gives me is the distribution of this power in its proper proportion to each particular job. It will not give me any information as to the actual cost of that power.

Q. It does give the manufacturer information as to that cost, and that is one of the things he depends upon, he argues backwards to find out why he can't compete, that is the way he finds out how his competitor is beating him, and then he goes over all the branches of manufacture, power, material, labour, everything, to see where he can cut down.

Mr. MACLEAN (Lunenburg).—That will have nothing to do with the cost system.

Mr. BARKER.—That will enable him to learn which branch of his cost is excessive.

*By Mr. Barker:*

Q. You do not apply that system in that way,—A. You are asking me a question which has nothing to do with the cost system.

Q. You may think so, I think otherwise. I am asking the question, when you get the results you find that the power costs so much, the wages so much, the material so much, how do you find out whether your power is too much?—A. I cannot answer your question by what you think, I have to answer your question on what I think.

Q. After all, when you get the cost system as applied to your yard, it does not help you to tell whether you are paying too much for power?—A. That has absolutely nothing to do with the distribution of cost.

Q. It would not help you as to whether you had too many men employed or not?—A. It might help me as to that, but it helps me far more as to the distribution of the indirect cost.

Q. How do you get economical results with manufacturing expenses from the system?—A. Exactly as the manufacturer would do. The manufacturer will find that a certain element of the articles cost him too much; then he will look into that branch to see why it is costing too much, whether it is on account of his repair work, on account of his overhead charges, of his office staff, say, or it might be inefficiency on the part of the foreman? If so, he will get after the foreman.

*By Hon. Mr. Foster:*

Q. Or his power?—A. Or his power or anything else.

*By Mr. Barker:*

Q. I started pointing out to you that a manufacturer finds that his competitor is beating him in a certain article. Then he goes to work to see whether he is not paying too high. I want to know what leads you to look into these questions, If you simply had this information before where do you get the benefit from this cost system?—A. Because I was striving to reduce the cost continually at the shipyard, not because I am in competition with a certain firm, that is not the cause, but because I have at heart the efficiency of the shipyard, and see to it that it is in as efficient condition as possible.

Q. You wished to put in an accurate book-keeping system?—A. No, I wished to have it kept as nearly as possible like a business institution as I could. That is what I am bending my energies to. I want to have all the information necessary for that purpose and I find that an accurate scientific cost system would be of great help in that way. I asked for it, and we have it.

Q. Witnesses that are brought here told us that the basis of that system was to enable the manufacturer to compete with his neighbours. They said that a man finding his competitor was beating him in prices at once wanted the cost system to find out what each branch, materials, labour, everything else, cost him, that is the whole motive of it. You see you have no competition, and that in your case does not come in.—A. That particular element does not come in, but I still have the same desire to reduce the cost as much as possible.

*By Mr. Carvell:*

Q. Does this company furnish you with that electric power at a flat rate or on a meter rate?—A. A flat rate.

Q. Then the cost system does not effect them at all?—A. It hasn't anything to do with it.

*By Mr. Blain:*

Q. I want to ask one question. In this report to the minister, of Gunn, Richards & Co., dated September 16, 1907, there is this paragraph:

*'At Sorel we found no timekeeper nor foreman in charge.'*

You are familiar with this report, does that apply to yourself?—A. I have already answered that question, I said it does not apply.

Q. Well, now then is there any other manufacturing establishment that manufactures scows except your department over which you have charge at Sorel?—A. At the Sorel branch of the Montreal agency they occasionally build a few small scows for use in their work, which is in connection with the lighthouse service.

Q. Then there are two shipyard constructions?—A. You would hardly call it a shipyard, it is a very small affair.

Q. Who is in charge of that, may I ask?—A. You mean in charge locally?

Q. Who would be able to say whether that was correct or not?—A. That agency is under the supervision of Colonel Anderson, the chief engineer.

Q. You have nothing to do with it?—A. I have nothing whatever to do with it.

Q. They do manufacture scows there?—A. Yes.

Q. Then there are two shipyards in existence down at Sorel?—A. I do not think you could possibly dignify it by the name of shipyard.

Q. *'At Sorel we found no timekeeper nor foreman in charge.'* *'Some workmen were working in the yard building a scow, also some employees were in the lamp room and in other places about the department only partially employed.'* I was not aware and I am very glad I got the information, that the other branch were building scows, I thought any scows that were constructed there were constructed under your supervision.—A. No, they have built some scows there latterly.

*By Mr. Maclean (Lunenburg):*

Q. How large were those scows?—A. Oh, they are flat scows, small affairs, 70 or 80 feet long, perhaps,



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*By Mr. Bennett:*

Q. With regard to the question of heat, you say by this new system you are able to arrive exactly at what it costs in each department?—A. The proper distribution of it.

Q. Didn't you know it before?—A. No; we hadn't it properly distributed; we had the total cost, and as I explained, we distributed all the overhead cost in a general way.

Q. Now, how do you do it, by the area of the building?—A. In our statement each month we have an account for heat to which we charge the amount of coal consumed, the time of the men firing the boiler, and the various small items such as waste, repairs to boilers, repairing piping, &c. That makes up the total cost of the heating for the month.

Q. All right?—A. This total cost is distributed among the various departments about in proportion to the heating surface of pipe which they have.

Q. Is there a uniform temperature in the different compartments or different departments?—A. No.

Q. How did you get down to that?—A. It is not necessary, the heat radiating from the different pipes is closely in proportion to the surface of the pipe. In a certain flat which might be very large we would not keep a very high temperature and for that reason would reduce the surface pipe and would not put in so much piping.

Q. Would you change the piping as a consequence of this amount going down there?—A. No, the piping is put in for the requirements of the heating.

Q. The pipe was in there anyway?—A. The piping was in there anyway.

Q. Take for instance a room where men were varnishing there would not be the same temperature as in a blacksmith's shop.—A. It would be higher.

Q. Then how do you get the average as to the cost of heating?—A. Well as I say we wish to get a certain heating for a certain building and we put in the necessary piping to get that. We charge the building about in proportion to the amount of piping that they have?

Q. You do not go on the actual disbursement for the heat?—A. No, we do not get down as fine as that.

*By Mr. Carvell:*

Q. You charge in accordance with the number of square feet of radiation?—A. That is the basis on which the charge is made.

*By Mr. Bennett:*

Q. In the reports of Gunn, Richards & Company reference is made to pay rolls being forwarded to Ottawa and the money for payment being sent down to Sorol. The report condemns that practice. Did that occur in the shipyard under your control?—A. No.

Q. How is the money sent to you, in cash or cheques, and then paid to the men?—A. At the shipyard?

Q. Yes?—A. The system in force at the shipyard is that I am given an advance at the beginning of the year, a cash advance which I deposit in the bank. We pay fortnightly in the shipyard. At the end of the fortnight as soon as the pay-roll is completed and properly checked I issue a cheque to the paymaster for the amount of the list.

Q. He pays the men and they receipt the list?—A. And they receipt the list.

Q. And then the roll goes where?—A. To Ottawa.

Q. You have seen the Auditor General's Report for several years past I suppose?—A. Yes.

Q. Looking at the report for the year ending June 30, 1905, I see there is detailed the name of every man who is employed in the shipyard at Sorol?—A. Yes.

Q. Looking at the report for the past year do you not observe that the names of

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the men are absent, that there is no detail now of the men employed? It simply says bricklayers and carpenters, \$31,262.42?—A. I think you are making a mistake Mr. Bennett.

Q. I am reading from the report of the Sorel shipyard.

Hon. Mr. BRODEUR.—Mr. Fraser, the Auditor General, says he can explain that.

Q. I will read to you what it says here. On page P—127 of the Auditor's report there is a small sum for bricklayers and then for carpenters apparently a large amount aggregating \$31,262.42. There are no details as to the names of the men employed. In former years the names of each man employed there was given?—A. I must say I cannot explain anything about the Auditor General's report.

Q. Were you consulted as to that change at all?—A. No.

Q. Not by the department?—A. No.

*By Mr. Carvell :*

Q. But the department has the names of these different men?—A. Yes.

*By Mr. Bennett :*

Q. You were not consulted as to the change in the makeup of this report?—A. No.

Mr. BENNETT.—Well for the benefit of the public—

The CHAIRMAN.—I suppose you will let the Auditor General make his statement now?

Mr. BENNETT.—When I get this question answered.

Q. For the benefit of the public, which is the more advantageous?

The CHAIRMAN.—How does he know? Do you mean whether the names are published or not?

Mr. BENNETT.—Yes.

The CHAIRMAN.—Has not everybody to judge for himself as to that.

Hon. Mr. BRODEUR.—Do you think it would be advisable for him to pass judgment on the Auditor General?

*By Mr. Bennett :*

Q. For the benefit of the public, supposing a man wanted information in regard to a person who was charged up as working so many days and was not a resident in the locality at all where he was alleged to have been working, would not the former style of the Auditor General's report be more advantageous to him?—A. That is not in my department at all, Mr. Bennett.

The CHAIRMAN.—I think it is better to hear the Auditor General.

*By Mr. Blain :*

Q. To whose credit is this money placed in the bank. I mean the money for the payment of the employees in the shipyard at Sorel?—A. To mine.

Q. To your individual credit?—A. Yes.

Q. Drawn out by your individual cheque?—A. Yes.

*By Mr. Bennett :*

Q. Has the visit of these gentlemen to Sorel increased the number of your book-keepers or accountants or any other employees?—A. To establish the cost system we had a little more labour.

Q. I mean has it increased the number of permanent officials?—A. Permanently there has been a slight increase.

Q. What is the extent of the increase? How many additional clerks are there?—A. Three or four men perhaps.

Q. What are they, book-keepers, or timekeepers or what?—A. They are a lower order of clerks.

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*By Mr. Lennox :*

Q. Paid at the rate of \$1,200 a year or so ?—A. Not as much as that, they would get \$600 and \$700.

*By Hon. Mr. Foster:*

Q. They are accountants engaged in accountants work ?—A. In accountants work, yes.

*By Mr. Taylor :*

Q. How many men have you been obliged to put on ?—A. Three or four men perhaps.

Q. Just three or four men, only ?—A. Yes.

Q. In all the departments ?—A. In all the departments, yes.

Q. That is in connection with the office work ?—A. In connection with the office work but they would not necessarily be in the office. They might be in connection with the cost system outside but they would be there as a result of the cost system.

Q. What would be the increased cost for the labour ?

Mr. BENNETT.—The average amount paid to these clerks ?—A. We have had one of them at 50 cents a day.

*By Mr. Bennett :*

Q. You had better let him go he is too cheap?—A. He is pretty cheap but he is just beginning, and he has got to work his way up.

Q. What is the total cost of the increase? There is \$150 a year for that man? —A. I don't know, Mr. Bennett, I really could not say.

*By Mr. Reid (Grenville):*

Q. Is that 50 cent man a bookkeeper?—A. No.

Hon. Mr. FOSTER.—He may be some day.

*By Mr. Bennett :*

Q. What is the total increase in the cost resulting from the employment of these three or four men?—A. It might be, perhaps \$3,000 or \$4,000. Hardly as much as that.

*By Hon. Mr. Foster :*

Q. Who would recommend this 50 cents a day man, would it be a member of parliament or the minister?—(No answer.)

*By Mr. Blain :*

Q. You say that the money advanced to pay these 800 men is placed to your individual account in the bank and chequed out on your own individual cheque?—A. Yes.

Q. Does the cost system now in force allow that?—A. It does not affect that one way or the other.

Q. It does not affect that?—A. No.

Q. The report given by Gunn, Richards & Company condemns that system. The report complains very bitterly and says it ought to be changed. Would it not be better that, as suggested, this money should be placed to the credit of the government?—A. I don't see any reason why it should not be done the other way.

Q. Was there no suggestion of that kind made?—A. No.

Q. Under the cost system adopted?—A. They did not look into that part at all. They looked into the cost items but not into the way in which we received cash. They did not investigate the Sorel shipyard in the same way that they did the agency. There was no suggestion to them as to investigating anything in the Sorel shipyard except to



look over our system of book-keeping and store issuing which they found good, and they further put in a cost system.

Q. May I ask about what amount of money in one cheque is issued?—A. About \$30,000.

Q. And under the cost system now adopted by you, you propose to continue the paying of this money to your individual credit in the bank and cheque it out in the same manner?—A. That is a matter which does not come under the cost system.

Q. I am not asking that?—A. I thought you asked me if under the cost system this would continue.

Q. You have adopted the cost system, is there any change under it with regard to that?—A. No.

Q. This money goes to the individual account and is chequed out as it was before by your individual cheque?—A. Yes.

*By Hon. Mr. Foster:*

Q. The element of the cost of production of the articles you manufacture there, in which you have an interest, so as to make them as economically as possible, depends a great deal upon the way in which material is bought, doesn't it?—A. Yes.

Q. How do you buy material?—A. We buy our material, when we get it in very large amounts, by public tender.

Q. How large an amount?—A. Say over \$5,000.

Q. When you say 'by public tender' what do you mean?—A. By advertisement in the newspapers.

Q. By advertisement in the newspapers, and when you get in your tenders you give it to the lowest tenderer?—A. In that case, when we ask for tenders by public advertisement through the papers, the tenders do not come in to me, they go into the department here at Ottawa.

Q. That is conducted by the department here?—A. That is conducted by the department.

Q. Is it you or the department that decides what are to be put up to public tender and contract?—A. It is largely on my recommendation.

Q. What proportion of the material you buy is bought on public tender and contract approximately,—A. I should say a little less than one half.

Q. How do you buy the remainder?—A. By circular tenders.

Q. What do you mean by circular tender?—A. When we wish to buy certain articles we send out a form.

Q. Which is approximately —A. We have forms of quotations which we issue to a certain number of firms in that particular line of business.

Q. How do you get at that certain number of firms?—A. We have a list of firms with whom we do business.

Q. Furnished you by whom?—A. Furnished us by the department.

Q. By the department?—A. Yes.

Q. You are restricted to that list in your purchases?—A. Practically.

Q. How do you arrange prices with that kind of list purchases,—A. How do we arrange prices?

Q. Yes, who sets the price?—A. I do not quite understand, Mr. Foster.

Q. Who sets the price?—A. Well, if we ask for tenders from three or four whoever is the lowest tenderer, provided the price is satisfactory, would get the order.

Q. That is, you issue circulars to a certain restricted number on the list which is given to you, and then you take the lowest tender?—A. Yes.

Q. That is your rule to take the lowest tender?—A. That is our rule.

Q. Who adjudicates upon these?—A. I do.

Q. You yourself,—A. Yes.

Q. It is not done at Ottawa?—A. No.

Q. How much do you buy in that way?—A. The balance, a little over one-half.

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Q. You have just those two methods of buying material?—A. In some few cases we might buy without tender.

Q. From whom do you buy them; do you use your own judgment?—A. Yes.

Q. You use your own judgment about the small residue?—A. Yes, within the limits of this list.

Q. So that you have no individual judgment?—A. Not except for special articles.

*By Mr. Maclean (Lunenburg):*

Q. You were asked the other day about purchases made from the firm of Cuddy & Brodeur, and I took it to mean, from the nature of the questions asked that this Mr. Brodeur was some relation of the minister,—A. I do not think he is any relation to the minister. Will you allow me? In connection with that question relating to that firm asked me the other day, I should like to make a correction if the matter is coming up. I stated at that time—Mr. Bennett stated that the name of that firm did not appear in a certain report of the Auditor General and I said I presumed we were not doing business with them at that date. I find we have been doing business with the firm of Cuddy & Brodeur, as far as I know, for seven years.

*By Mr. Bennett:*

Q. For seven years consecutively up to last year?—A. Yes.

Hon. Mr. BRODEUR.—That is long before I became minister.

*By Mr. Bennett:*

Q. I will look that up again before you come next time. Can you tell me where I will find the record of the payments, is it at the Sorel shipyard?—A. Yes, I believe you were looking at the Sorel shipyard; you may have been looking at the Montreal agency of the Marine Department.

*By Mr. Blain:*

Q. About what amount passed through your individual account in the year?—A. About \$300,000.

Q. Do you give any bond to the government?—A. No.

*By Mr. Zimmerman:*

Q. You say about one half is purchased by public tender and the other half you purchase by asking different people to give prices?—A. Yes.

Q. Why don't you purchase all in that way?—A. Well, the expense of calling for tenders would be a very considerable proportion of the cost and the delay would be very inconvenient in a large number of cases.

Q. I understand that about one-half of the stuff you require is usually purchased in comparatively small quantities?—A. Yes.

Q. And that is really the reason you did not call for public tenders?—A. Yes.

Q. It would not pay to do it?—A. No, and I might say we get extremely low prices by our method.

*By Mr. Bennett:*

Q. Would that be by actual competition when you say that 50 per cent of these supplies are purchased by public tender and competition?—A. No, I said it was slightly under one-half.

Q. Slightly under 40?—A. I could not say.

Q. I have glanced over them?—A. I could not say, Mr. Bennett.

Mr. MACLEAN (Lunenburg).—It is one o'clock and Mr. Bennett is asking a question that has nothing to do with this inquiry.

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The CHAIRMAN.—You must let me have my way for once. I now order that the Auditor General give his explanation of the reason for the omission of the names of employees at Sorel from his Report.

The AUDITOR GENERAL.—All that I want to say is that we are furnished now with the same information that we were before, but in view of the increase in the size of the Report, we have tried, wherever we could, to make a little curtailment of it without impairing its usefulness. That is the case here, but the Marine Department had nothing at all to do with it.

Mr. LENNOX.—There was no malice aforethought.

The AUDITOR GENERAL.—There is a lot of labour to us in the compilation of so many names at so much a day.

Witness retired.

Committee adjourned.



## APPENDIX TO EVIDENCE

GUNN, RICHARDS &amp; CO.

MONTREAL, CANADA.

Hon. L. P. BRODEUR,  
 Department of Marine and Fisheries,  
 Ottawa, Canada.

DEAR SIR,—We have the honour to submit to you a report of the work done by us for the Department of Marine and Fisheries, which report covers the following subjects:—

- Pages 1-8, existing conditions.
- Pages 9-30, new system of books (a) journal, (b) ledger.
- Pages 31-51, scope of examination, fiscal period 1906-1907.
- Pages 52-55, trial balance of controlling ledger, March supplementary.
- Pages 56-57, statement of revenue for fiscal period of nine months, 1906-1907.
- Page 61, recapitulation of expenditure for fiscal period of nine months, 1906-1907.
- Page 62, condensed recapitulation of expenditure for fiscal period of nine months 1906-1907.
- Page 63, detailed statement of expenditure for fiscal period of nine months 1906-1907.

In elaboration of the above mentioned statements, there are attached the following schedules, giving the expenditure in detail for the fiscal period of nine months 1906-1907:—

- Page 64, schedule A, Dominion steamers vote.
  - Page 65, schedule B, rewards for saving life vote.
  - Pages 66-101, schedule C, salaries and allowances of lightkeepers and maintenance and repairs of lights votes.
  - Page 102, schedule D, agencies rents and contingencies vote.
  - Pages 103-110, schedule E, construction of lights, construction Lake St. Peter, and construction lower and upper traverse piers votes.
  - Page 111, schedule F, hydrographic survey vote.
  - Pages 112-115, schedule G, marine hospital vote.
  - Page 116, schedule H, shipwrecked and distressed seamen vote.
  - Page 117, schedule I, salaries and disbursements of fishery officers vote.
  - Pages 118-119, schedule J, fish breeding vote.
  - Pages 120-121, schedule K, fisheries protection vote.
- Our work at the agencies and branches is dealt with in this report as follows:—
- Pages 122-139, work at agencies and branches.
  - Pages 140-181, resume of our reports.

We are,

Yours very truly,

GUNN, RICHARDS & CO.

(Sgd.) KENNISTON FALCONER.

G. E. F.

E. M.

## EXISTING CONDITIONS.

## BOOKS IN USE.

The books in use by the Department of Marine and Fisheries, prior to the fiscal period of 1907-8, consisted of two voucher journals known as 'A' and 'B,' respectively; an appropriation ledger and fourteen subsidiary ledgers, as follows:—

Maintenance and repairs of lights, Nova Scotia.			
"	"	"	Prince Edward Island.
"	"	"	New Brunswick.
"	"	"	Quebec.
"	"	"	Ontario.
"	"	"	British Columbia.
"	"	"	buoys and beacons.

Construct, Dominion steamers, marine hospitals, meteorological service, fisheries, miscellaneous, advances.

There is also two record books containing the details of the expenditure of votes controlled by the Finance Department, namely: civil government salaries and contingencies.

## ROUTINE OF ENTRIES.

Vouchers received at the department from agencies or directly from vendors were given to various clerks to be checked as to extensions and additions, and where necessary, to have the proper backing made, showing the distribution of the payment, after which the completed voucher was returned to the accountant to be initialled and passed to the check makers for payment.

At the end of each month a list of all cheques drawn during the month, was rendered the Finance Department, giving the voucher number, name, description of purchase, name of appropriation out of which payment was made, and the amount of each cheque, also a recapitulation or analysis showing the totals paid on account of the various votes. Separate recapitulations were kept by two clerks, and thoroughly checked before sending a copy to the Finance Department.

Carbon copies of these recapitulations were retained, and formed the basis of entry, to the appropriation ledger, for the totals expended on each vote.

Vouchers were posted in detail to the subsidiary ledgers, but the latter were not footed and balanced currently with the appropriation.

None of the books were proven by trial balance, as they were not kept upon the lines of double entry bookkeeping. The recapitulations of the expenditure for each month were very thoroughly checked, but no provision was made for the correctness of any subsequent entries, such as transfers and corrections.

In going over the books for the period 1906-7, we have discovered several errors arising from this lack of check by balance, notably in the March statement, which was typewritten in a misleading manner, thereby losing sight of an expenditure of \$506.59 against the vote for salaries and disbursements of fishery officers. As this was near the close of the fiscal year the balance available on this particular vote was rather small and had been overdrawn owing to this oversight in posting to the appropriation ledger. The error was discovered in time, however, to stop the cheques before being mailed and to have them cancelled.

No journal was used for recording transfers or corrections, such entries being made by simply crossing out an entry and entering it in some other place in the ledger. As a substitute for a journal entry, for transfers from one appropriation to another, a cheque was drawn to the order of the Receiver General, charging a vote which was to receive debit. The cheque was then deposited and recorded in the books of the Revenue Department as a refund to the vote which was to receive credit. This method necessitated several unnecessary entries and decreased unnecessarily the amount to the credit of this department with the Bank of Montreal. An example of this method

## APPENDIX No. 1

would be the case of the Sorel shipyard making a repair for the steamer *Maisonnette*. Upon receipt of the account at Ottawa instead of making a journal entry charging Maintenance and Repairs of Lights vote; crediting Ship Channel vote, and having the transfer authorized by warrant, this roundabout method of making the transfer by issuing a cheque would be used.

## SOURCES OF ENTRY.

There has been no definite source for entries to the appropriation ledger of the subsidiary ledgers. The recapitulation of expenditure by cheques, rendered each month to the Finance Department, as explained above and which is the principal source of entry is very carelessly filed in a flimsy binder. Entries are also made directly into the ledger from letters which are on file, and from verbal instructions by telephone from the Audit Department, no reference being given in the ledger as to the source of such entries.

## ADVANCES.

The advance ledger, as kept prior to the final period of 1907-08, was merely an auxiliary memorandum book containing a record of advances paid, and accountings of refunds of advances, in so far as the information for such entries was obtainable.

As this ledger was not controlled or balanced, an error or omission would remain undiscovered, unless detected by members of the Auditor General's staff, in which case, so much time would have elapsed, that it would be extremely difficult to trace the discrepancy, as in the case of the account of Mr. Fraser, which as stated by Mr. Kearns, of the Auditor General's office, had become hopelessly entangled.

Vouchers for advances were entered in the voucher journal and posted directly to the account of the appropriation, on account of which the advance was made. A memorandum in the descriptive column of the journal indicated that the payment was an advance. This memorandum was the source of entry for the advance ledger-keeper, who examined the book at intervals for payments of advances. It will be seen that it largely depended upon the person entering the vouchers in the voucher journal for the accuracy of this memorandum.

The practice of grouping vouchers, by members of the accountant's staff, made it impossible for the advance ledger-keeper to obtain accurate memoranda for all charges of advances. This 'grouping' was accomplished by adding together the amounts of several vouchers which were chargeable to the same appropriation, and entering them in the journal in one item; the payee being designated as 'pay-list' or by the name appearing upon the first voucher held. In this manner vouchers for advances were covered up. In our examination we have located several instances of this nature, notably vouchers 485-486 for an advance of \$3,000 to Geo. E. McFarlane, on account of vote for Souris fish drier, also voucher 'A' 524 for an advance of \$100,000 to J. G. McPhail. These vouchers were grouped with other vouchers chargeable to the same appropriation, with nothing to designate that they were advances, and, therefore, were not charged in the advance ledger.

In comparing the advance ledger kept by the department with our records for the same period, we disclosed numerous other errors and omissions in the former. A list of these discrepancies has been presented to the advance ledger-keeper, who has made correcting entries to adjust the accounts affected.

As regards the settlements of advance vouchers, the information was received from the persons checking the accounts of the various votes. This work is done by several different people, and it will readily be seen that it would be difficult to get them to make reports of settlements, owing to the fact that if they did not report them they would not be called for until it was too late to locate the responsibility for the oversight.



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## NEW SYSTEM OF BOOKS AND RECORDS.

## GENERAL.

We have designed ten loose leaf books, furnished by Beauchemin, of Montreal, consisting of three journals and seven ledgers, which are described in detail hereinafter. These books are of the most modern construction and design, providing columns for debit and credit postings and a balance column, thus making the records susceptible of proof by trial balance on logical book-keeping lines, a condition not previously existing in this department, as a credit column in a ledger and a journal for recording transfers and correcting entries are things which never existed and never used in connection with the book-keeping work.

In addition to the foregoing, we have obtained a controlling ledger and journal to match, which are stock books furnished by Jas. Hope & Sons, of Ottawa.

We have also designed card systems for the voucher index and establishment record, which are described in detail hereinafter under the head of 'Auxiliary Records.'

## JOURNALS.

## VOUCHER JOURNAL A—VOUCHER JOURNAL B.

Following the wishes of the minister, we have designed these books upon the lines of the most modern style of columnar voucher register, with a view to obtaining statistical information regarding the volume of expenditure paid in the current year which was contracted for, or on account of, previous years' business, and to provide for maintaining the records of the large sums advanced to employees of the department and vendors, as a part of the general scheme of accounting, instead of auxiliary as at present, thus making the advance ledger susceptible of proof by trial balance.

The foregoing is accomplished by means of five columns, headed as follows:—

1. Advances.
2. Expenditure A/C Prior 05-06.
3. Expenditure A/C 05-06.
4. Expenditure A/C 06-07.
5. Memo. for Analysis.

The vouchers are to be examined, and the number of the column in which the amount is to be placed, indicated on the voucher; as for example, if a voucher is for an advance, No. 1, will be put on the outside of the voucher and the amount placed in the column entitled 'Advances'; a note being placed in the column entitled 'Memo. for Analysis,' indicating the vote, on account of which the advance was made.

The totals of these columns are posted in the controlling ledger, to the debit of accounts under like headings. An analysis of the columns is prepared, from which a journal entry is made, charging the various votes with the expenditure for each, as ascertained by the analysis, and crediting the expenditure accounts in total, thus balancing these accounts and locating the expenditure to the proper vote. It will be seen that the total debits and credits (which are equal) will show the volume of expenditure on account of years previous to the current fiscal period.

In other respects these journals are similar to other modern voucher registers; having thirty columns in each numbered from 5 to 34, in journal A, and 51 to 80 in journal B. A 'Sundry' column in each journal provides for any expansion. A list of standing account numbers is prepared each year, giving each vote a number. The total of vouchers are entered in the 'Total' column and distributed to the columns representing the votes to which the expenditure applies, as shown by the list of standing account numbers and numbers of column headings.

The total of all vouchers paid, as shown by the first column, is credited in the 'Controlling Ledger' to the Bank of Montreal and the totals of the various distributive columns charged to the votes they represent.

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## REVENUE JOURNAL.

There are four styles of sheets for this journal, all of columnar ruling, which are described separately as follows :

- 1st. Revenue receipts.
- 2nd. Licenses.
- 3rd. Minor revenue.
- 4th. General.

*1st.—Revenue Receipts.*

The receipts are entered in the first, or 'Total' column of the sheet and distributed to two sets of columns. The first is divided into provinces; the second the nature of the revenue, such as :

- Dominion Steamers.
- Winter Mail Service.
- Etc., Etc.

The columns for the provinces are for statistical purposes, the totals exhibiting the amount of receipts from each province.

The 'Total Receipts' column is posted to the debit of Receiver General, in the controlling ledger, and Dominion steamers revenue; winter mail service; etc., credited from the footings of their respective columns, thus preserving the equilibrium of the system of bookkeeping.

*2nd.—Licenses.*

This form is used for recording the issues of licenses and is similar in design to the 'Receipts.' The total amount of the license being entered in the first column and distributed to the various provinces and classes of licenses. The footing of the 'Total' column being carried to the debit of 'Accounts Receivable Licenses,' in the controlling ledger, and the distribution credited to accounts representing the various classes of licenses, as indicated by the column headings.

The details of the charges for licenses issued are posted to the 'Fisheries Revenue Ledger,' and is to be proven by trial balance with the control account in the controlling ledger.

From this journal schedules can be made up showing the amounts of licenses issued, by classes, provinces and the total, and from the 'Fisheries Receipts Journal' the amount paid on account of these licenses.

*3d.—Minor Revenue.*

The returns from collectors of customs are recorded upon this sheet, thus setting up an 'Accounts Receivable Collectors of Customs,' which is represented by the total or first column of the journal. Otherwise the form is similar to those described above, the debit side exhibiting columns for the various provinces, and the credit side the accounts representing the minor revenue, namely:—

- Steamboat Inspection Fund.
- Sick Mariners' Fund.
- Marine Registry Searches.
- Signal Station Services.

From this journal schedules can be compiled showing the amounts due from various classes of minor revenue by provinces, offset by the amount received on account of the above, as indicated by the total of column under the title of 'Accounts Receivable Collectors of Customs' in the Revenue Receipts Journal.

*4th.—General.*

This journal form is similar in design to the foregoing, and is intended to record miscellaneous entries, such as the transfers necessary when a wharfinger deducts the

amount of his salary from his receipts. There are several blank columns on this form which will be utilized in recording refunds on account of votes for the current fiscal period, the columns being headed as needed.

CONTROLLING JOURNAL.

This journal is of three-column ruling, and will be used for transfers and correcting entries. The payments by transfer warrant of sterling bills will also be recorded in this book ; posted to the controlling ledger and the various subsidiary ledgers affected by these payments.

LEDGERS.

MAINTENANCE OF LIGHTS.

There are two of these edgers, containing the accounts in connection with expenditure for maintenance and repairs of lights : salaries and allowances of lightkeepers ; and agencies, rents and contingencies, for three provinces, in each ledger. The form of ruling provides for :

- Total Debit.
- Credit.
- Balance.
- The total debit is subdivided as follows :
- Salaries and allowances of lightkeepers.
- Operations and repairs of lights.

Operations and repairs of lights is subdivided to various classes of expenditure such as :

- Lanterns, lamps, etc.
- Coal oil.
- Hardware, rope, etc.
- Paint, oil, glass.
- Miscellaneous.

The arrangement of the loose sheets in alphabetical order, under index tabs indicating the provinces, makes it possible to prepare schedules of expenditure for comparison, similar to those we have prepared for the Minister, exhibiting the following:—

	Maintenance and Repairs.	Salaries and Allowances.	Total
<i>General Account.</i>	\$ cts.	\$ cts.	\$ cts.
General account.....	20,698 65	.....	
Advances.....	375 00	.....	
			21,073 65
<i>Nova Scotia.</i>			
Abbot Harbour.....	.....	45 00	45 00
Advocate Harbour.....	98 29	125 00	223 29
Annapolis.....	23 92	50 00	73 92
	122 21	220 00	342 21

Separate accounts are kept for each agency. The totals of these accounts equal the vote account under the same title in the controlling ledger.

Further schedules can be made at any time showing the nature of the purchases, as indicated by the column heads described above.



## APPENDIX No. 1

## DOMINION STEAMERS—METEOROLOGICAL SERVICES.

The detail accounts of these votes are kept in one ledger, upon specially ruled sheets. The former has columns provided for keeping the expenditure of the various steamers in the following detail :

Pay list—Officers.  
 “ —Crew.  
 Repairs—Hull.  
 “ —Engine.  
 Supplies—Deck.  
 “ —Engine.  
 Provisions.  
 Fuel.  
 Sundry.

By the arrangement of the loose sheets in alphabetical order, and the trial balances in a similar manner, schedules of totals expended by various steamers can readily be prepared as, for example :

## GENERAL ACCOUNT.

General account. . . . .	\$21,677 21	
	300 00	
	<hr/>	\$21,977 21

## ‘ MINTO.’

General account. . . . .	\$33,206 57	
Governor General’s tour. . . . .	7,585 74	
Advance account. . . . .	750 00	
	<hr/>	\$41,542 31

Further detail can be had at any time, by making schedules of the nature of expenditure as indicated by the column heads.

The Meteorological Service is kept in one account, the columnar ruling for which provides for details to thirteen divisions, for example :

Salaries, central office.  
 Saaries, chief stations.  
 Telegraphy.  
 Telegraph stations.  
 Etc., Etc.

An abstract of the ledger account will give the detail as indicated above, for the entire service.

## FISHERIES.

There are four styles of ruling for this ledger, to provide for obtaining detailed information in connection with the various branches of the Fisheries Department which are described separately as follows:—

- 1st. Salaries and Disbursements, Fishery Officers.
- 2nd. Fish-breeding. .
- 3rd. Fisheries Protection Service.
- 4th. Fisheries Miscellaneous.

*1st.—Salaries and Disbursements, Fishery Officers.*

By the arrangement of the accounts of this vote under provinces in the ledger and trial balance books, similar schedules to those described in the foregoing can be

readily obtained, and the special ruling of the form provides for detail under the following heads:—

Name of Overseer.  
Salaries of Inspectors, Overseers and Wardens.  
Disbursements of Inspectors, Overseers and Wardens.  
Wages, Special Guardian.  
Disbursements, Special Guardian.  
Sundry.

*2nd.—Fish-breeding.*

Under this division an account is kept with each hatchery, and by the proper arrangement of the leaves and trial balances schedules can be prepared exhibiting name of hatchery and amount expended, under captions of provinces. Further detail is shown by the columnar ruling of the sheets, the columns being headed:—

Salaries of Officers.  
Disbursements.  
Collecting Ova.  
Distributing Fry.  
Hardware.  
Fuel.  
Repairs.  
Labour.  
Sundry.

*3rd.—Fisheries Protection Service.*

This form of ruling can be used to provide information in a manner similar to the foregoing, the columnar ruling designed to show the nature of the expenditure incident to the maintaining of such a service, namely:—

Pay-list.  
Fuel.  
Provisions.  
Repairs, Hull.  
Repairs, Engine.  
Engine Supplies.  
Deck Supplies.  
Charter.  
Clothing.  
Sundry.

This division, and the two preceding, are to be proven by trial balances with accounts under like heading in the controlling ledger.

*4th.—Fisheries, Miscellaneous.*

This form is prepared on the same sized sheet as provided for the divisions described above, with wide spaces for details of expenditure and blank columns to be used in any cases that may require a distribution of the details, by writing in such headings as the nature of the work may require.

As the heading implies, miscellaneous small fishery votes, of one account each, are to be maintained under this division and proved monthly with their control account in the controlling ledger. The expenditure in connection with maintenance of buoys and beacons, under the maintenance and repairs of lights vote. The accounts are arranged in alphabetical order under guide tabs by provinces, making it possible to prepare schedules similar to those of the other ledgers described in the foregoing.

## APPENDIX No. 1

A wide space for explanation of the nature of the expenditure is provided, which, in view of the nature of the service, makes it unnecessary to provide a columnar ruling.

In balancing at the end of a period this ledger must be considered as a part of the lights ledgers, as they are all controlled by the maintenance and repair of lights account in the controlling ledger.

## CONSTRUCTION.

The ledger is provided with a specially ruled sheet, the debits being divided into:

Construction,  
Construction apparatus,

to provide for an accurate record of the division of this vote; construction being under the supervision of Mr. B. H. Fraser, and construction apparatus under the supervision of Mr. J. F. Fraser. Each of these divisions are controlled by separate accounts in the controlling ledger.

The accounts will be arranged under provinces in alphabetical order, making it possible to obtain schedules of expenditures, as described hereinbefore.

The nature of this work does not call for a columnar division of the expenditure, a wide column being provided for explanation.

## MISCELLANEOUS.

This ledger contains the accounts of votes which are not detailed as to the nature of the expenditure, the same ruling being provided as used in the buoys and beacons ledger. Each account will be proven with its control account in the controlling ledger.

## CONTROLLING LEDGER.

This ledger is a bound book of three-column ruling.

Totals of expenditure and revenue are posted to this ledger monthly from voucher journal and controlling journal, the accounts exhibiting in totals the amounts expended on various votes and revenue received from the various sources. The details of this expenditure are kept in the subsidiary ledgers, as described above, and proven by trial balance each month to agree with the controlling ledger.

## CARD RECORDS.

The personal ledgers in use by the departments prior to the fiscal period of 1907-8 were only partially kept, as the books were large and cumbersome and extremely difficult to properly index. All vouchers for special guardians and small vouchers of a similar character were omitted. To supersede these books we have designed and installed a card index record which is elastic and susceptible of any amount of expansion. There will be a card for each vendor, exhibiting all payments by voucher number, date of receipt of claim at Ottawa, description, amount and date paid.

We have also designed and installed a card system to supersede the obsolete and cumbersome manner of keeping the establishment record, which in the past has been kept in a bound book. As in the case of the voucher index, this card record will be susceptible of unlimited expansion.

## ADVANCE LEDGER.

The advance ledger in use prior to the present fiscal year is of loose leaf design, and will be used for the present and subsequent years. Under the new arrangement we have made for office organization, Mr. Lalonde will have charge of the advance ledger and controlling ledger.



When vouchers have been checked as regards prices, extensions, etc., and are ready for payment, they will pass to Mr. Lalonde, who will examine them for the proper distribution, advances and expenditure on account of previous years' business, indication upon the outside of the voucher, the number of the column in the voucher journal to which the expenditure would be distributed. By marking the vouchers in this way, entering them in the voucher journal becomes a mechanical operation, thus facilitating the speed of the work. This operation is described hereinbefore in this section of this report, under the title of 'Voucher Journal A' and 'Voucher Journal B.'

All vouchers for advances will be distributed to the column headed 'Advance' and the original vouchers passed to the advance ledger-keeper to be posted in the advance ledger, instead of the subsidiary ledger containing the detail of the expenditure of the various votes, as heretofore.

In addition to this method of giving the advance ledger-keeper full information relating to payments of advances, he can readily refer to the voucher journals for verification, where the amount of each advance will be clearly shown in the column for that purpose, thus making it impossible for an advance to be concealed by ambiguous wording in the descriptive column; a condition which very often occurred in the past and which is mentioned under the head of 'Advances,' in the chapter of this report devoted to 'Existing Conditions.'

As every voucher will pass under the eye of Mr. Lalonde before going to the cheque makers, he will be in a position to make notes relative to the settlement of advances, thus relieving him of the necessity of being dependent upon the accuracy or memory of several persons, who in the past were in the habit of notifying the advance ledger-keeper of the settlement of such advances as might come to their attention.

The totals of advance made each month, as shown by the footing of the advance column in the voucher journals, are analyzed to ascertain the amount advanced on account of the various votes. Separate accounts are kept with each vote in the controlling ledger, to which are posted, in total, the expenditure of advances, as arrived at by the analysis mentioned above.

Accountings for advances made, are credited to these accounts through the controlling journal and charged to the main vote account in the controlling ledger, and to the detail accounts in the subsidiary ledgers. The total balances of these special advance accounts in the controlling ledger will represent the balance outstanding on the various votes in total; the details being kept in the advance ledger. Schedules taken from the advance ledger at the close of each month's business should agree with the total of all the advance accounts in the controlling ledger.

By this scheme, a light, or a steamer will not be charged with the advance expenditure until the advance is accounted for, the amount being held in one of the advance accounts of the various votes until such settlement is made.

The above describes in a general way, the means we have adopted for making the advance ledger a part of the general scheme of accounting; susceptible of proof by trial balance, in the controlling ledger.

## SCOPE OF EXAMINATION—FISCAL PERIOD 1906-1907.

### EXAMINATION OF VOUCHERS.

We have examined the vouchers for expenditure for the fiscal period of 1906-1907 with a view to verifying the proper distribution of payments made, also the proper signatures for authorization of payments. We have also segregated into three divisions the amounts paid in the fiscal period of 1906-1907 which were incurred or contracted for during prior fiscal periods, as follows:—

Expenditure account, 1905-1906.

Expenditure account, 1904-1905.

Expenditure account, prior 1904-1905.

## APPENDIX No. 1

This segregation has formed a part of the book-keeping scheme, upon which we have recorded the financial transactions of the department for the period under examination by means of accounts in the controlling ledger under similar heads. The manner in which this record of expenditure is taken into the accounts is described hereinafter under the caption 'Voucher Journals.'

## BOOKS OF RECORD.

After examination of the vouchers we have recorded same in books of double entry, upon logical book-keeping lines: each month's business proven by trial balance and a monthly statement of expenditure and revenue compiled, the items and totals of which agree with the controlling ledger.

The records we have written up for the period under examination are contained in the following books:—

- 1 controlling ledger.
- 1 controlling journal.
- 6 voucher journals.
- 1 revenue journal.
- 9 subsidiary ledgers.

All of the above are bound books, the contents and titles being as follows:—

## CONTROLLING LEDGER.

This ledger contains the accounts recording the expenditure of each vote; the representative accounts of the revenue department; receiver general accounts; Bank of Montreal accounts; showing volume of expenditure incurred on account of years prior to the present fiscal period, and various other nominal accounts. All subsidiary ledgers are proven by trial balance to agree with the controlling accounts in this ledger. The sources of entry are: Voucher journals 'A' and 'B,' revenue journal and controlling journal. We have made up from this ledger, at various times, statements of expenditure and revenue which have been submitted to the minister. This ledger may be used for compiling comparative statements of expenditure and revenue for specific periods during the fiscal year of 1906-1907 with those of similar periods of the fiscal year of 1907-1908, as kept by the department under the new scheme of accounting, thus providing for accurate comparisons, both as regards details and the final distribution of expenditure or revenue.

## CONTROLLING JOURNAL.

As the name implies, this book is used as a source of original entry for recording transactions which effect the controlling ledger, as for example: expenditure by transfer warrant, settlements of advances, refunds of votes, etc. The details of such entries are posted to the subsidiary ledgers from this book, the totals being posted to the controlling ledger.

## VOUCHER JOURNALS 'A' 1 TO 3—VOUCHER JOURNALS 'B' 1 TO 3.

These books are of columnar ruling for recording the date, number, name, amount and distribution of vouchers paid out of the two divisions, namely 'A' and 'B.' The distribution of the vouchers is made from a list of account numbers presented below. The accounts represented by Nos. 1, 2, 3, and 4 are common to both journals.

Account No. 1, represents the totals of all vouchers and forms the basis of credit to the Bank of Montreal for withdrawals.

Account No. 2, exhibits the volume of advances made, and is charged with the totals of advances; an analysis of the charges being made to relieve the general account of advances and charge the several advance accounts which represent the balance of advances outstanding on specific votes.

Accounts Nos. 3 and 4 are nominal accounts to ascertain the volume of expenditure during the fiscal year of 1906-1907 which was incurred during prior years. All vouchers have been examined to ascertain the amount of such expenditure, the amounts and account numbers placed upon the face of each voucher and entered in the proper columns in the voucher journal, as presented in the accompanying list of account numbers. The totals of these columns are posted to the debit of accounts under corresponding titles in the controlling ledger; these accounts being subsequently credited with the total of an analysis of the columns No. 3 and 4, the details of which are charged to specific accounts in the subsidiary ledgers, thereby balancing the general account and locating the expenditure to specific votes.

Nos. 5 to 50 are assigned to votes paid by 'A' cheques and recorded in voucher journal 'A'; Nos. 51 to 100 are assigned to votes paid by 'B' cheques, and recorded in voucher journals 'B.'

*Accounts in Journal 'A.'*

1. Total-credit to Bank of Montreal.
2. Advance account of votes.
3. Expenditure account, 1904-1905.
4. Expenditure account, 1905-1906.
5. Maintenance of lights; agencies, rents and contingencies.
6. Maintenance of lights; salaries and allowances.
7. Maintenance of lights; operation and repairs.
8. Construction of lights.
9. Dominion steamers.
10. Examination of masters and mates.
11. Tidal service.
12. Wrecking plant.
13. Hudson Bay expedition.
14. Ice-breaking steamers.
15. Construction piers Lake St. Peter and others.
16. Breaking ice in Thunder bay and Lake Superior.
17. Marconi stations.
18. Administration of pilotage.
19. Salaries temporary clerks.
20. Parry Sound Buoy Depot, including expense of steamboat.
21. Construction Lower and Upper Traverse piers.
22. Contingenices.
23. Compensation Louis Brien.
24. Rewards for saving life.
25. Investigation into wrecks.
26. Schools of navigation.
27. Registration of shipping.
28. Removal of obstructions.
29. Winter mail service.
30. Marine biological stations.
31. Cattle inspection.
32. Unforeseen expenses.
33. Signal service.
34. Repairs to wharfs.
35. Civil government salaries.
36. Returns to parliament.
37. Quebec Coal Co. claim.
38. Expense *re* barque *Hector*.
50. Miscellaneous.



## APPENDIX No. 1

*Accounts in Journal 'B.'*

1. Total—Credit to Bank of Montreal.
2. Advance accounts of votes.
3. Expenditure account, 1904-1905.
4. Expenditure account, 1905-1906.
51. Ship channel.
52. New dredge.
53. New dredge plant, Cap a la Roche.
54. Dredge 'Galveston.'
55. Marine hospitals.
56. Shipwrecked and distressed seamen.
57. Meteorological service.
58. Toronto observatory.
59. Montreal observatory.
60. Kingston observatory.
61. Hydrographic surveys.
62. H.S. steamer, British Columbia.
63. Steamboat inspection.
64. Inspection Dominion steamers and fog alarms.
65. Salaries and disbursements, fishery officers.
66. Fish-breeding.
67. Fish-breeding, great lakes.
68. Fisheries protection.
69. Steamer for Lake Winnipeg.
70. Building fishways, etc.
71. Legal and incidental expenses.
72. Canadian Fishing Exhibit.
73. Distributing fishing bounty.
74. Oyster culture.
75. Cold storage.
76. Dog-fish reduction works.
77. Georgian bay laboratory.
78. Souris fish-curing establishment.
79. Fishing bounty.
80. Fishery Commission.
81. Provincial government, legal services.
82. Collector of customs for United States fishing vessels.
100. Miscellaneous.

Postings are made in total monthly to the controlling ledger from the recapitulation of each month's expenditures as presented in these books, the details of which are posted directly from the vouchers to the subsidiary ledgers.

## REVENUE JOURNAL.

This book is also of columnar ruling similar to the voucher journals, and, as the name implies, is used to record the receipts of the various classes of revenue, as per list of account numbers herewith:—

## Provinces—

201. Ontario.
202. Quebec.
203. Nova Scotia.
204. New Brunswick.
205. Prince Edward Island.

*Provinces—Continued.*

- 206. Manitoba.
- 207. Northwest Territory.
- 208. Yukon Territory.
- 210. Hudson Bay.

*Marine and Minor—*

- 221. Harbours, piers and wharves.
- 222. Dominion steamers.
- 223. Winter mail service.
- 224. Examination masters and mates.
- 225. Fines and forfeitures.
- 226. Steamboat inspection fund.
- 227. Steamboat inspection fund, engineer's certificate.
- 228. Sick mariners' fund.
- 229. Marine registry searches.
- 230. Signal station services.
- 231. Casual revenue sundries.
- 232. Decayed pilot's fund.
- 233. Pilots' expense fund.

*Fisheries—*

- 242. Whale factory licenses.
- 243. Salmon licenses.
- 244. Lobster licenses.
- 245. Commercial licenses.
- 246. Domestic licenses.
- 247. Sturgeon licenses.
- 248. Trap licenses.
- 249. Weir licenses.
- 250. Estuary leases.
- 251. Oyster licenses.
- 252. Drag licenses.
- 253. Purse licenses.
- 254. Smelt licenses.
- 280. Licenses to United States fishing vessels.
- 281. Fines.
- 282. Miscellaneous.
- 283. Fines and forfeitures (fisheries).

From the foregoing it will be observed that Nos. 201 to 220 on the debit side of the journal represent the receipts as subdivided to provinces. On the credit side Nos. 221 to 240 represent the various classes of marine and minor revenue; 242 to 260, the various classes of fisheries; 280 to 285, sundry revenue.

The receipts of each month are recorded separately in the following divisions: Marine, Fisheries and Minor. Postings are made in totals from the recapitulation at the end of each month. We have arranged these recapitulations to show the cumulative totals of revenue received. Otherwise stated, each recapitulation exhibits the gross revenue to date.

*Subsidiary ledger No. 1.*

In this book is recorded the detail of expenditure under the maintenance and repairs of lighthouses and salaries and allowances of lightkeepers' votes, for the province of Prince Edward Island and Nova Scotia.

*Subsidiary ledger No. 2.*

In this book is recorded the detail of expenditure under the maintenance and repairs of lighthouses and salaries and allowances of lightkeepers' votes, for the provinces of New Brunswick and Quebec.

## APPENDIX No. 1

*Subsidiary ledger No. 3.*

In this book is recorded the detail of expenditure under the maintenance and repairs of lighthouses and salaries and allowances of lightkeepers' votes, for the provinces of Ontario, Manitoba and British Columbia.

*Subsidiary ledger No. 4.*

This ledger contains the details of expenditures for all provinces in connection with buoys and beacons, under the maintenances of repairs of lighthouses' votes.

*Subsidiary Ledger No. 5.*

Contains details for:—

- Construction of lighthouses.
- Ship channel.
- New dredge, 'No. 15.'
- Dredge for Cap a la Roche.
- Dredge 'Galveston.'

*Subsidiary Ledger No. 6.*

This ledger contains the details of expenditure under votes, as follows:—

- Dominion steamers.
- Marine hospitals.
- Shipwrecked and distressed seamen.
- Meteorological service.
- Toronto observatory.
- Montreal observatory.
- Kingston observatory.
- Hydrographic surveys.
- Steamer for hydrographic survey in British Columbia.

*Subsidiary Ledger No. 7.*

This ledger contains details of expenditure of all the votes in connection with fisheries, namely:—

- Salaries and disbursements, fishery officers.
- Fish-breeding.
- Fish-breeding, great lakes.
- Fisheries protection.
- Steamer for Lake Winnipeg.
- Building fishways, etc.
- Legal and incidental expenses.
- Canadian Fisheries Exhibit.
- Distributing fishing bounty.
- Oyster culture.
- Cold storage.
- Dog-fish reduction works.
- Georgian bay laboratory.
- Souris fish-curing establishment.
- Fishing bounty.
- Fishery Commission.
- Provincial government, legal services.
- Collector of customs for United States fishing vessels.



*Subsidiary Ledger No. 8.*

In this ledger are recorded the details of expenditure for various miscellaneous votes, as follows:—

Steamboat inspection.  
 Inspection Dominion steamers and fog alarms.  
 Examination of masters and mates.  
 Tidal service.  
 Wrecking plant.  
 Hudson Bay Expedition.  
 Ice-breaking steamers.  
 Construction of piers, Lake St. Peter and others.  
 Breaking ice in Thunder bay and Lake Superior.  
 Marconi stations.  
 Administration of pilotage.  
 Salaries, temporary clerks.  
 Parry Sound buoy depot, including expenditure of steamboat.  
 Construction of Lower and Upper Traverse piers.  
 Contingencies.  
 Compensation, Louis Brien.  
 Rewards for saving life.  
 Investigation into wrecks.  
 School of navigation.  
 Registration of shipping.  
 Removal of obstructions.  
 Winter mail service.  
 Marine biological stations.  
 Cattle inspection.  
 Unforseen expenses.  
 Signal service.  
 Repairs to wharfs.  
 Civil government salaries.  
 Returns to parliament.  
 Quebec Coal Company claim.  
 Exp. Re : Barque *Hector*.

*Subsidiary ledger No. 9.*

This ledger contains accounts with individuals who have received advances on account of various notes.

We have made this ledger part of the scheme of bookkeeping as described hereinafter in the chapter of this report devoted to 'New System of Books and Records,' under the head of 'Advance Ledger,' instead of auxiliary to the scheme of accounting as kept by the department and described hereinbefore under the head of 'Advances' in the chapter of this report devoted to 'Existing Conditions.'

## AUXILIARY RECORDS.

We have compiled card index records consisting of a voucher index and a purchase index. The voucher index consist of a 5-inch by 8-inch card, exhibiting the name of the vendor, the number, and amount of each voucher to his credit.

The purchase index is also composed of a 5-inch by 8-inch card, indexed under the heads of various commodities and exhibiting voucher number, name, and address of vendor, agency where purchased, quantities and prices of commodities purchased

## APPENDIX No. 1

## STATEMENTS.

We submit herewith the following statements and schedules, covering the entire fiscal period of nine months of 1906-1907, which are similar in nature to others previously rendered at frequent intervals :

Trial balance, controlling ledger.

Statement of revenue.

Recapitulation of expenditure.

Condensed recapitulation of expenditure.

Detailed statement of expenditure.

Schedules A to K; exhibiting final allocation of expenditure under such votes as are recorded in detail.

Referring to some of the items in the above statement, attention should be directed to the following :

## EXPENDITURE ACCOUNTS OF PRIOR PERIODS.

The total expenditure incurred in prior years, as exhibited in the statements of expenditure herewith, makes a total of \$417,240.60, or approximately 9.6 per cent of a total net expenditure of \$4,342,768.99.

Referring to specific votes it will be observed that in the case of the vote for Maintenance and Repairs of Lights under which was disbursed \$524,020.30, 27.4 per cent was on account of prior years, in comparison to which, it will be seen the vote for construction of lights disbursed but 2 per cent on account of prior periods out of a total expenditure of \$1,160,025.98.

Under the vote for Dominion steamers, 14.9 per cent of a total expenditure of \$447,310.03, was on account of prior periods. A large proportion of this amount was expended during the period of the spring outfitting of steamers, and the bills covering this expenditure could not readily be passed through the regular channels for payment, until after the close of the fiscal period in which the expenditure was incurred. Owing to the change of the beginning of the fiscal year from July to April, this period of outfitting will come at the beginning of fiscal year instead of at the end, in consequence of which the proportion of bills paid in any fiscal period, incurred in prior periods, should be materially reduced, as there should be ample time to get all bills passed before the close of any fiscal year.

Among the ledger votes, the marine hospitals has one of the largest percentages of payments made on account of prior years, disbursing altogether \$27,362.11, of which \$12,748.44, or 34.1 per cent was on account of previous years, some items extending as far back as 1902-3.

The vote for meteorological service has a similar proportion of 18.8 per cent.

Ship channel vote, with a net expenditure of \$429,398.19, shows but 4.6 per cent.

A few of the fishery votes exhibit the following proportions:—

	Per cent.
Fish-breeding.. . . .	11.1
Fisheries protection service.. . . .	34.5
Cold storage.. . . .	18.5

The smaller miscellaneous votes exhibit the following instances:—

	Per cent.
Rewards for saving life.. . . .	25.9
Tidal service.. . . .	16.8
Administration of pilotage.. . . .	11.4

## ADVANCES.

From the condensed recapitulation of expenditure submitted herewith it will be observed there were advance payments made to the amount of \$329,826.01. Of this amount \$119,511.97, or 37.2 per cent, remain outstanding or unaccounted for at the close of the books for the fiscal year on May 26, as presented in the accompanying detailed statement of expenditure and by the total of all advance accounts, as shown in the accompanying trial balances.

The amount of advances outstanding is made up of the following:—

Working capital at agencies, construction work, steamers, hatcheries, etc. . . . .	\$ 9,925 14
Travelling expenses of department employees. . . . .	11,356 80
On account of contracts and professional services. . . . .	95,730 03
Fishermen's Bait Associations. . . . .	2,500 00
	<hr/>
	\$119,511 97

The items of working capital and travelling expenses unaccounted for should be given particular attention, as any unexpended portion of these amounts should have been refunded prior to the closing of the books for the fiscal year, and if additional funds were required they should have been applied for and obtained in the succeeding fiscal year.

## REFUNDS.

The items of \$115,341.50 for refunds, as presented in the recapitulations of expenditure, includes all refunds on account of payments made during the fiscal year of 1906-1907, whether for advances or settlements. This amount can be proved with the Receiver General Refund Account (as exhibited in the trial balance) after deducting the amount of refunds of advances of prior fiscal periods.

The item of \$72,245.50 for refunds and transfers, in the detailed statement of expenditure, does not include refunds of advances which were never applied in connection with specific work.



## APPENDIX No. 1

## MARINE AND FISHERIES DEPARTMENT—TRIAL BALANCE.

	TRIAL BALANCE.	CONTROLLING LEDGER.
	March Supplementary.	May 26, 1907.
	\$ cts.	\$ cts.
Receiver General.....		5,268,909 66
Bank of Montreal.....	4,810 22	
Receiver General (revenue).....	162,573 59	
Receiver General (refund).....	119,410 02	
Refunds, 1905-1906, advances.....	3,968 21	3,968 21
Refunds, 1904-1905, advances.....	100 31	100 31
Funds in hands of Receiver General.....		1,948 95
1904-05, unforeseen expenses.....		
Advances, account of votes.....	320,826 01	320,826 01
Expenditures, account 1904-05.....	6,819 90	6,819 90
Expenditures, account prior 1904-05.....	1,246 15	1,246 15
Expenditures, account 1905-06.....	409,174 55	409,174 55
Bank of Montreal (fishing bounty).....	982 25	
Agencies, rents and contingencies.....	22,186 17	
Salaries and allowance to lightkeepers.....	197,270 78	
Maintenance and repairs of lights.....	513,083 63	
Construction of lighthouses and aids to navigation.....	1,102,819 50	
Dominion steamers.....	442,310 03	
Examination, masters and mates.....	5,823 76	
Tidal service.....	19,214 79	
Wrecking plants.....	15,000 00	
Hudson Bay expedition.....	63,404 50	
Construction of piers, Lake St. Peter and others.....	17 65	
Ice-breaking, SS. <i>Lady Grey</i> .....	63,687 14	
Breaking ice in Thunder Bay and Lake Superior.....	3,303 85	
Marconi stations.....	34,532 19	
Administration of pilotage.....	21,490 73	
Salaries, temporary clerks.....	14,277 16	
Parry Sound buoy dépôt, special.....	4,500 43	
Lower and Upper Traverse piers.....	17,126 83	
Contingencies.....	14,165 54	
Compensation, Louis Brien.....	2,200 00	
Rewards for saving life.....	9,035 56	
Investigation into wrecks.....	6,537 16	
Schools of navigation.....	4,929 09	
Registration of shipping.....	1,506 53	
Removal of obstructions in navigable rivers.....	7,347 20	
Winter mail service.....	11,998 01	
Marine biological stations.....	137 04	
Cattle inspection.....	2,743 80	
Unforeseen expenses generally.....	2,188 62	
Signal service.....	6,862 62	
Repairs to wharfs.....	1,712 45	
Civil Government salaries.....	68,995 81	
Finance Department, unforeseen expenses.....	1,955 65	
Returns to Parliament.....	634 56	
Quebec Coal Co., claim.....	1,000 00	
Expenditure incurred repairing barque <i>Hector</i> .....	148 75	
River St. Lawrence ship channel.....	426,898 19	
New dredge plant No. 15.....	150,000 00	
New dredge plant, Cap à la Roche.....	1,347 87	
Dredge <i>Galveston</i> .....	49,769 75	
Marine hospitals.....	37,362 11	
Shipwrecked and distressed seamen.....	639 69	
Meteorological service.....	74,403 20	
Magnetic observatory.....	2,313 67	
Montreal observatory.....	375 00	
Kingston observatory.....	375 00	
Hydrographic survey.....	83,344 57	
Construction of steamship for hydrographic survey in British Columbia.....	31,907 55	
Steamboat inspection.....		
Inspection Dominion steamers and fog alarms.....	95,930 54	
Salaries and disbursements, fishery officers.....	118,193 66	
Fish breeding.....		
Fish breeding, Great Lakes.....	204,358 57	
Fisheries protection service.....	99 25	
Construction of steamer for Lake Winnipeg.....	1,199 09	
Building fishways and clearing rivers.....	704 71	
Legal and incidental expenses.....	3,169 84	
Canadian fisheries exhibit.....	4,988 50	
Distributing fishing bounty.....	2,690 10	
Oyster culture.....	43,634 27	
Cold storage.....	39,379 35	
Dogfish reduction works.....	1,059 80	
Maintenance of Georgian Bay laboratory.....		

Carried forward.....

## TRIAL BALANCE—Continued.

	TRIAL BALANCE.		CONTROLLING LEDGER.	
	March Supplementary.		May 26, 1907.	
	\$	cts.	\$	cts.
Brought forward.....				
Souris fish-curing establishment.....	1,286	95		
Fishing bounty.....	159,015	75		
Fisheries commission.....	2,494	48		
Provincial Governments, legal services.....	1,190	00		
Collector of Customs for United States fishing licenses.....	633	68		
Advances, agencies, rents and contingencies.....	300	00		
Advances, maintenance and repairs to lights.....	10,936	70		
Advances, construction of lights.....	40,062	00		
Advances, Dominion steamers.....	5,000	00		
Advances, examination masters and mates.....	73	00		
Advances, tidal service.....				
Advances, Hudson Bay expedition.....	445	36		
Advances, ice-breaking steamers.....	3,150	00		
Advances, construction of piers, Lake St. Peter.....				
Advances, breaking ice in Thunder Bay and Lake Superior.....	18,000	00		
Advances, Marconi station.....	18,000	00		
Advances, administration of pilotage.....				
Advances, salaries of temporary clerks.....	200	00		
Advances, contingencies.....	100	00		
Advances, investigation into wrecks.....	2,125	00		
Advances, registration of shipping.....				
Advances, removal of obstructions.....	30	00		
Advances, marine biological stations.....	1,400	00		
Advances, cattle inspection.....				
Advances, unforeseen expenses.....	1,025	00		
Advances, repairs to wharfs.....	34	70		
Advances, River St. Lawrence ship channel.....	2,500	00		
Advances, dredge <i>Gulbranson</i> .....				
Advances, marine hospitals.....				
Advances, meteorological service.....	760	00		
Advances, hydrographic survey.....	1,161	10		
Advances, steamboat inspection.....	552	00		
Advances, salaries and disbursements, fishery officers.....				
Advances, fish-breeding.....	487	96		
Advances, fishery protection service.....	500	00		
Advances, building fishways, &c.....	1,000	00		
Advances, oyster culture.....				
Advances, cold storage.....	3,716	66		
Advances, dog-fish reduction works.....	6,005	59		
Advances, Georgian Bay laboratory.....				
Advances, Souris fish-curing establishment.....				
Advances, Montreal harbour commissioners.....	805,000	00		
Advances, fisheries commission.....	1,946	90		
Harbours, piers and wharfs.....			13,298	42
Dominion steamers.....			21,700	34
Winter mail service.....			630	59
Examination of masters and mates.....			2,266	00
Fines and forfeitures (marine).....			200	00
Steamboat inspection fund.....			1,988	64
Steamboat inspection fund, engineers' certificates.....			1,000	00
Sick mariners' fund.....			44,804	89
Marine registry searches.....			29	59
Signal station services.....			554	00
Casual revenue, sundries.....			16,455	52
Decayed pilots' fund.....			2,239	34
Pilots' expense fund.....			52	13
Whale fishery licenses.....			5,200	00
Salmon licenses.....			2,260	99
Lobster licenses.....			1,638	00
Commercial licenses.....			20,452	00
Domestic licenses.....			334	00
Sturgeon licenses.....			184	00
Trap licenses.....			3,858	80
Weir licenses.....			2,195	00
Estuary leases.....			1,075	00
Oyster licenses.....			733	50
Drag licenses.....			1,035	00
Purse licenses.....			1,200	00
Smelt licenses.....			5,815	00
Licenses to United States fishing vessels.....			4,134	00
Fines.....			1,093	78
Miscellaneous.....			6,741	08
Fines and forfeitures (fisheries).....			942	50
Totals.....	6,177,235	85	6,177,235	85

## APPENDIX No. 1

## MARINE AND FISHERIES DEPARTMENT.

STATEMENT of Revenue for Fiscal Period of Nine Months, 1906-1907.

	Total Receipts.	Less Refunds and Transfers.	Net Receipts.
<i>Marine Revenue.</i>	\$ cts.	\$ cts.	\$ cts.
Harbours, piers and wharfs.....	14,637 30	1,338 88	13,298 42
Dominion steamers.....	23,304 84	1,604 50	21,700 34
Winter mail service.....	630 59		630 59
Examination, masters and mates.....	2,266 00		2,266 00
Fines and forfeitures.....	300 00	100 00	200 00
Casual revenue, sundries.....	12,656 20	269 20	12,387 00
Decayed pilots' fund.....	2,239 34		2,239 34
Pilots' expense fund.....	52 13		52 13
Casual revenue refunds of advances prior to period.....	4,068 52		4,068 52
Carried to recapitulation.....	60,154 92	3,312 58	56,842 34
<i>Minor Revenue.</i>			
Steamboat inspection fund.....	1,988 64		1,988 64
Steamboat inspection fund, engineers' certificates.....	1,000 00		1,000 00
Sick Mariners' fund.....	44,894 89		44,894 89
Marine registry searches.....	39 59		39 59
Signal station services.....	554 00		554 00
Carried to recapitulation.....	48,477 12		48,477 12
<i>Fisheries Revenue.</i>			
Whale fishery licenses.....	7,600 00	2,400 00	5,200 00
Salmon licenses.....	2,290 99		2,290 99
Lobster licenses.....	1,638 00		1,638 00
Commercial licenses.....	20,452 00		20,452 00
Domestic licenses.....	334 00		334 00
Sturgeon licenses.....	184 00		184 00
Trap licenses.....	3,858 80		3,858 80
Weir licenses.....	2,195 00		2,195 00
Estuary licenses.....	1,075 00		1,075 00
Oyster licenses.....	733 50		733 50
Drag licenses.....	1,035 00		1,035 00
Purse licenses.....	1,200 00		1,200 00
Smelt licenses.....	5,815 00		5,815 00
United States fishing vessels' licenses.....	4,134 00		4,134 00
Fines.....	1,093 78		1,093 78
Miscellaneous.....	7,184 17	443 09	6,741 08
Fines and forfeitures.....	942 50		942 50
Carried to recapitulation.....	61,765 74	2,843 09	58,922 65
RECAPITULATION.			
Marine revenue.....	60,154 92	3,312 58	56,842 34
Minor revenue.....	48,477 12		48,477 12
Fisheries revenue.....	61,765 74	2,843 09	58,922 65
Total.....	170,397 78	6,155 67	164,242 11





## APPENDIX No. 1

MARINE AND FISHERIES DEPARTMENT.  
Condensed Recapitulation of Expenditure Fiscal Period of Nine Months, 1906-1907.

PAYMENTS FROM ALL SOURCES.										
Amount Voted or Author- ized by Statute.	Account, Prior 1904-05.	Account, 1904-05.	Account, 1905-06.	Account, 1906-07.	Advances, 1906-07.	Total Payments.	Less Refunds.	Net Expenditure.	Cumulative Total.	Balance Unex- pended.
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
1906.										
July.....	4,633,312	50	115	31	107,272	39	51,878	25	185,595	10
August.....	4,633,312	50	29	64	496	87	233,575	35	448,639	44
September....	4,633,312	50	2	75	419,356	37	25,251	33	1,121,157	20
October.....	4,646,812	50	47	50	23,323	26	458,604	85	1,637,742	09
November....	4,646,812	50	10	00	242	96	473,101	94	2,167,950	09
December....	4,650,312	50	132	12	505	65	347,097	20	2,515,263	93
							16,699	85	371,924	54
1907.										
January.....	4,650,312	50	152	10	593	55	375,213	99	398,354	08
February....	4,650,312	50			52	25	292,526	66	3,212,492	67
March.....	4,650,812	50	403	49	724	65	594,464	67	3,846,514	57
March, supplementary...	4,828,720	93	468	55	1,052	39	474,224	60	4,342,768	99
							35,490	62	496,254	42
	4,828,720	93	1,246	15	6,819	90	3,720,043	88	4,342,768	99
							320,826	01	4,342,768	99
							115,341	50	4,854,951	94

MARINE AND FISHERIES DEPARTMENT.

DETAILED Statement of Expenditure Fiscal Period of Nine Months, 1906-1907.

Votes, Authorized by Statute.	Amount of Votes, &c.	EXPENDITURE					Advances of '06-'07. Out- standing.	Total Disburse- ments.	Less Refund and Transfers of Expendi- tures.	Net Expendi- ture.	Balance Unex- pended.	Details of Expendi- ture.
		Account		Account		Account '06-'07.						
		'04-'05.	'05-'06.	'05-'06.	'06-'07.							
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Dominion steamers.....	447,421 00	33 25	2,373 93	64,128 12	377,470 04	5,000 00	449,005 34	1,695 31		417,310 03	110 97	See sched. A.
Examination masters and mates.....	9,450 00	12 00	22 70	4,930 01	4,930 05	73 00	5,896 76			5,896 76	3,533 21	
Rebills for saving life.....	9,450 00		87 50	2,254 39	6,693 67		9,035 56			9,035 56	35 56	See sched. B.
Investigation into wrecks.....	8,750 00			1,248 51	5,288 65	2,125 00	8,662 16			8,662 16	87 84	
Schools of navigation.....	7,875 00			109 15	4,882 43		4,991 58	62 45		4,929 09	2,945 91	
Registration of shipping.....	1,500 00			450 00	1,060 58		1,518 13	11 60		1,000 00	6 53	
Removal of obstructions.....	7,650 00			37 00	7,310 20	30 00	7,377 20			7,377 20	272 80	
Tidal service.....	21,000 00			3,232 10	15,982 69		19,214 79			19,214 79	1,785 21	
Winter mail service.....	12,000 00			38 57	11,959 44		11,998 01			11,998 01	1 99	
Marine biological stations.....	2,250 00				137 04	1,400 00	1,537 04			1,537 04	712 96	
Cattle inspection.....	2,700 00			62 31	2,681 49		2,743 80			2,743 80	43 80	
Wrecking plant.....	22,500 00				15,000 00		15,000 00			15,000 00	7,500 00	
Hudson Bay expedition.....	80,750 00			4,744 56	58,660 71	445 36	63,850 63	77		63,819 86	16,900 14	
Ice breaking steamer.....	75,000 00			58 83	63,759 76	3,150 00	66,968 59	131 45		66,837 14	8,162 86	
Underseen expenses.....	3,750 00			521 92	1,666 70	1,025 00	3,213 62			3,213 62	536 38	
Salaries and allowances of light keep- ers.....	197,250 00			4,884 94	192,485 84		197,370 78	100 00		197,270 78	20 78	See sched. C.
Agencies, rents, contingencies.....	23,750 00			484 50	21,701 67	300 00	22,486 17			22,486 17	1,263 83	See sched. D.
Maintenance and repairs of lights.....	525,000 00	637 71	888 50	142,046 41	370,173 15	10,936 75	524,082 47	662 14		524,020 33	979 67	See sched. C.
Construction of lights.....	1,020,000 00	50 60	404 43	23,721 09	1,079,550 66	40,062 00	1,143,788 18	906 68		1,142,881 50	25 98	See sched. D.
Construction, Lake St. Peter.....	130,000 00				17 65		17 65			17 65		
Construction traverse tides.....	10,000 00			597 31	16,539 92		17,137 23	10 40		17,126 83		
Breaking ice in Lake Superior.....	30,000 00				3,303 85	18,000 00	21,303 85			21,303 85	8,696 15	
Signal service.....	7,500 00			3 50	5,997 18		6,862 62			6,862 62	637 38	
Maroon stations.....	87,400 00			2,395 58	32,136 61	18,000 00	52,532 19			52,532 19	34,867 81	
Administration of pilotage.....	21,500 00			2,451 75	19,068 98		21,520 73	30 00		21,490 73	9 27	
Repairs to wharfs.....	2,250 00	5 75	68 35	253 56	1,384 79	34 70	1,747 15			1,747 15	502 85	
Salaries, temporary clerks.....	16,500 00				14,277 16	200 00	14,477 16			14,477 16	2,022 84	
Parry Sound, including purchase of steamers.....	30,000 00			11 16	4,489 27		4,500 43			4,500 43	25,499 57	
Civil government salaries.....	70,137 50				68,995 81		68,995 81			68,995 81	1,141 69	
Magnetic Observatory, Toronto.....	2,400 00			451 10	1,862 57		2,313 67			2,313 67	86 33	
Montreal Observatory.....	375 00				375 00		375 00			375 00		
Kingston Observatory.....	375 00				375 00		375 00			375 00		
Meteorological service.....	75,162 50			15 89	60,239 78	760 00	75,199 69	36 49		75,163 20	70	
Hydrographic survey.....	120,000 00			207 50	81,435 51	1,161 10	84,435 67	30 00		84,405 67	35,594 33	See sched. F.
Hydro. Sur. Str. British Columbia.....	120,000 00										100,000 00	
Ship channel.....	441,000 00										429,398 19	11,601 81
New dredge.....	150,000 00			173 30	19,551 22	2,500 00	461,852 70	32,454 51		429,398 19	150,000 00	
New dredge, Cap a la Roche.....	115,000 00				150,000 00		150,000 00			150,000 00		
New dredge, Cap a la Roche.....	115,000 00				1,347 87		1,347 87			1,347 87	113,652 13	
Dredge <i>Gudresdon</i> .....	50,000 00				46,999 36		50,089 77	320 02		49,769 75	230 25	





## SCHEDULE 'A.'

DETAILS of Expenditure Fiscal Period of Nine Months, 1906-1907.

## DOMINION STEAMERS' VOTE.

<i>General account</i> .....	\$16,394 43
<i>Minto—</i>	
General account.....	\$46,368 87
Governor General's tour.....	7,585 74
	53,954 61
<i>Aberdeen</i> .....	44,229 63
<i>Druid</i> .....	38,777 49
<i>Lansdowne</i> .....	22,277 40
<i>Quadra</i> .....	25,571 49
<i>Stanley</i> .....	41,152 14
<i>Montcalm</i> .....	75,277 67
<i>Champlain</i> .....	48,502 34
<i>Lady Laurier—</i>	
General account.....	76,172 83
Advance account.....	5,000 00
	81,172 83
	447,310 03

## SCHEDULE 'B.'

DETAILS of Expenditure Fiscal Period of Nine Months, 1906-1907.

## REWARDS FOR SAVING LIFE VOTE.

<i>General account</i> .....	\$ 1,745 20
<i>Nova Scotia—</i>	
Baker's Cove.....	\$ 196 00
Blanche.....	303 03
Clarke Harbour.....	291 00
Devil's Island.....	271 56
Duncan's Cove.....	272 20
Herring Cove.....	346 69
Mud Island.....	
Pictou.....	290 20
Port Moulton.....	294 00
Scatterie.....	271 00
Seal Island.....	661 50
St. Paul's Island.....	280 00
Whitehead.....	271 00
Yarmouth.....	75 00
	3,823 18
<i>Ontario—</i>	
Cobourg.....	247 50
Collingwood.....	206 00
Goderich.....	210 00
Kincardine.....	294 00
Long Point.....	930 50
Pelee Island.....	427 10
Poplar Point.....	
Port Hope.....	267 00
Port Stanley.....	279 08
Toronto.....	335 00
Waller's Bay.....	271 00
	3,467 18
	90,035 56

## APPENDIX No. 1

## SCHEDULE 'C.'

DETAILS of Expenditure Fiscal Period of Nine Months, 1906-1907.

SALARIES AND ALLOWANCES OF LIGHTKEEPERS AND MAINTENANCE AND REPAIRS OF LIGHTS  
VOTES.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
<i>General account—</i>			
General account.....	26,725 09		26,725 09
General account advances.....	8,700 00		
Carried to folio 00.....	35,425 09		35,425 09
<i>Nova Scotia—</i>			
Abbott Harbour.....		67 50	67 50
Advocate Harbour.....	101 79	187 50	289 29
Annapolis.....	23 92	75 00	98 92
Amet Island.....	3 50	337 50	341 00
Apple River.....	442 76	525 00	967 76
Argyle.....		300 00	300 00
Arichat.....		187 50	187 50
Arisiag.....	5 00	75 00	80 00
Baccaro.....	6 00	337 50	343 50
Barrington Lightship.....	269 50	450 00	719 50
Battery Point.....	5 00	225 00	230 00
Bear River.....		112 50	112 50
Bear Island.....	40 86	110 00	150 86
Beaver Harbour.....	18 00	112 50	130 50
Beaver Island.....	91 95	360 00	451 95
Belliveau Cove.....	2 53	60 00	62 53
Betty Island.....		375 00	375 00
Bird Island.....	227 37	337 50	564 87
Blackrock.....	28 10	247 50	275 60
Blackrock Point.....	7 85	187 50	195 35
Boars Head.....	120 94	262 50	383 44
Bon Portage Island.....		262 50	262 50
Brier Island.....	174 21	300 00	474 21
Brier Island, F.A.....	1,059 99	300 00	1,359 99
Brooklyn Pier.....		75 00	75 00
Budget.....	9 00	150 00	159 00
Burgois Inlet.....		45 00	45 00
Bunker Island.....	63 06	262 50	325 56
Burntcoat.....	60 35	187 50	247 85
Campbell Island.....	4 50	75 00	79 50
Candlebox Island.....	29 80	225 00	254 80
Canning River.....		150 00	150 00
Canso Harbour.....	20 34	212 50	232 84
Canso Range.....		150 00	150 00
Cap D'Or.....	849 17	600 00	1,449 17
Cape Fourchu.....	2,030 81	600 00	2,630 81
Cape George.....	246 32	150 00	396 32
Cape la Ronde.....	112 21	225 00	337 21
Cape North.....	21 45	300 00	321 45
Cape Race.....	2,904 37	782 69	3,687 06
Cape Roseway.....	586 00	600 00	1,186 00
Cape Sable.....	1,837 73	600 00	2,437 73
Cape St. George.....	8 69	337 50	346 19
Cape St. Lawrence.....	156 33	300 00	456 33
Cape St. Mary.....	43 76	262 50	306 26
Cape Sharp.....	104 05	562 50	666 55
Caribou Island.....	4 00	225 00	229 00
Carter Island.....	8 30	206 25	214 55
Caveau Point.....	24 06	112 50	136 56
Charlo Harbour.....		90 00	90 00
Checbucto Head.....	536 17	600 00	1,136 17
Chester.....	178 54	487 50	666 04
Cheticamp.....	13 90	225 00	238 90
Cheticamp Harbour.....		112 50	112 50
Church Point.....	10 35	150 00	160 35
Clarkes Cove.....		75 00	75 00
Coffin Island.....	14 00	300 00	314 00
Cold Spring Head.....	9 27	90 00	99 27
Country Harbour.....	274 79	300 00	574 79
Cole Harbour.....		112 50	112 50
Cranberry Island.....	211 19	600 00	811 19
Creighton's Head.....	98 85	150 00	248 85

Carried forward.....



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## SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Votes—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
<i>Nova Scotia—Continued—</i>			
Cross Island.....	86 00	600 00	686 00
Crotch-Yarmouth.....		150 00	150 00
Croucher Island.....	0 45	225 00	225 45
Dartmouth.....	98 13	75 00	173 13
Devil Island.....	1 15	315 00	316 15
Digby Pier.....	1 35	75 00	76 35
Dover Harbour.....	17 15	150 00	167 15
Duffus Point.....		150 00	150 00
Economy.....	7 00		7 00
Egg Island.....	123 95	375 00	498 95
False Passage Ledge.....	15 00	12 50	27 50
Fisherman Harbour.....	18 35	112 50	130 85
Fish Island.....		187 50	187 50
Flint Head.....	15 00	337 50	352 50
Fort Point.....	5 00	112 50	117 50
Prestone Islet.....	101 00	112 50	213 50
Fraser's Farm.....	33 06	112 50	146 56
Carbarus.....		150 00	150 00
General Account.....	60,505 08	1,247 94	61,853 02
George's Island.....	22 11	187 50	209 61
Gilbert Point.....	21 30	225 00	246 30
Glasgow Point.....	34 00	112 50	136 50
Grand Etang.....	111 50	112 50	234 00
Grand Digue.....	10 45	45 00	55 00
Grand Passage.....	7 75	45 00	45 00
Granville Centre.....		276 25	284 00
Green Cove.....		56 25	56 25
Green Island.....	193 52	56 25	249 77
Gull Rock.....	171 10	375 00	546 10
Guion Island.....		300 00	300 00
Guysborough Harbour.....	10 50	3 0 0	310 50
Harbour au Bouche.....	27 99	165 00	193 99
Henry Island.....		187 50	187 50
Herring Cove.....	74 14	200 00	274 14
Highland Village.....		75 00	75 00
Hobson Island.....		25 00	25 00
Horton Bluff.....		225 00	225 00
Hubbard Cove.....		187 50	187 50
Indian Harbour.....	23 36	187 50	210 86
Ingonish Island.....		112 50	112 50
Ingonish Harbour.....		270 00	270 00
Iona.....		105 00	105 00
Isaac Harbour.....		90 00	90 00
Isle au Haute.....	135 86	150 00	375 86
Inner Sambro Island.....	43 38	375 00	418 38
Jeddore Range.....	65 99	75 00	140 99
Jeddore Rock.....	35 38	150 00	185 38
Jerome Point.....	907 96	300 00	1,207 96
Jerseyman Island.....	50 50	187 50	238 00
Jordan Breakwater.....	109 66	225 00	334 66
Kidston Island.....	83	8 33	9 16
Kingsport.....	16 90	150 00	166 90
Ketch Harbour.....		75 00	75 00
La Have.....		60 00	60 00
Lingan Head.....		150 00	150 00
Liscomb.....		150 00	150 00
Little Dyke.....	32 01	225 00	257 01
Little Hope.....		25 00	25 00
Little Lorraine.....	76 42	375 00	451 42
Little Narrows.....	12 50	60 00	72 50
Louisburg.....	74 07	90 00	164 07
Louisburg Range.....	1,483 26	952 50	2,435 76
Low Point.....	1 50	150 00	151 50
Makon.....	567 80	720 00	1,287 80
Main à Dieu.....	43 35	89 85	133 20
Margaree.....	16 40	225 00	341 40
Margaree Harbour.....	15 00	300 00	315 00
Margaret's Bay.....		75 00	75 00
Margaretville.....		375 00	375 00
Marie Joseph.....	6 70	172 50	179 20
Marjories Island.....	347 81	225 00	572 81
Masstown.....		75 00	75 00
Maughere Beach.....		25 00	25 00
Merigomish.....	388 97	600 00	988 97
Carried forward.....	39 30		39 30

## APPENDIX No. 1

## SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Votes—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
<i>Nova Scotia—Continued—</i>			
Meteghan River.....	74 66	75 00	149 66
Moser Island.....	12 68	262 50	275 18
Monroe Point.....		112 50	112 50
Mullen's Point.....	32 68	150 00	182 68
Musquodoboit Harbour.....	7 00	168 75	175 75
McKenzie Point.....		120 00	120 00
McNab Island.....	17 47	262 50	279 97
McNeil Beach.....		45 00	45 00
McMillan Point.....		112 50	112 50
Negro Island.....		225 00	225 00
Neil Harbour.....	5 55	112 50	118 05
Noel.....	3 00	77 18	80 18
North Canso.....	143 91	173 75	317 66
North East Harbour.....		187 50	187 50
Quetique Island.....	3 18	260 32	263 50
Page Island.....		150 00	150 00
Parrsboro.....	26 19	255 00	281 19
Peases Island.....		262 50	262 50
Peggy Point.....	15 28	262 50	277 78
Pennant Harbour.....		75 00	75 00
Petit de Grat.....	76 76	150 00	226 76
Pictou Bar.....	105 02	345 00	450 02
Pictou Customs House.....	551 80	75 00	626 80
Pictou Island East.....	29 49	300 00	329 49
Pictou Island West.....	84 50	300 00	384 50
Piper Cove.....	52 86	90 00	142 86
Point Aconi.....	7 00	150 00	157 00
Point Edward Range.....	20 10	300 00	320 10
Point Prim.....	1,128 77	600 00	1,728 77
Point Tupper.....	140 19	225 00	365 19
Pomquet.....	1 92	262 50	264 42
Pope Harbour.....	446 65	225 00	671 65
Portique.....		25 00	25 00
Port Beckerton.....	143 98	112 50	256 48
Port Felix.....	34 45	187 50	221 95
Port George.....		75 00	75 00
Port Hood.....		210 00	210 00
Port Le Bert.....	5 00	112 50	117 50
Port Medway.....	4 83	195 00	199 83
Port Medway Harbour.....		75 00	75 00
Port Mouton.....		225 00	225 00
Port Williams.....		65 00	65 00
Poulimon.....		187 50	187 50
Pubnico Harbour.....		180 00	180 00
Pugwash.....	51 06	225 00	279 06
Port Lorne.....	34 28	130 00	164 28
Port Maitland.....	5 17		5 17
Queensport.....		225 00	225 00
Quaker Island.....	5 50	225 00	230 00
Red Islands.....		90 00	90 00
Sable Island.....	4,359 61	3,506 82	7,866 43
Salter Head.....		45 00	45 00
Sambro.....	1,308 69	600 00	1,908 69
Sambro Harbour.....	15 00	75 00	90 00
Sand Spit.....		210 00	210 00
Sand Point.....	107 74	300 00	407 74
Seal Island.....	108 90	112 50	221 40
Seal Island P. A.....	1,456 10	600 00	2,056 10
Scatterie.....	1,342 88	870 00	2,212 88
Shafner Point.....		112 50	112 50
Sheet Harbour Passage.....	20 00	37 50	57 50
Sheet Rock.....	291 58	375 00	666 58
Shulie.....	20 00	150 00	170 00
Signal Stations.....	1,251 02		1,251 02
Sissibec.....		150 00	150 00
Spencer Island.....		75 00	75 00
Spencer Point.....	2 50	93 75	96 25
St. Paul's Island.....	1,613 07	2,346 23	3,959 30
St. Annes.....		105 00	105 00
St. Esprit.....	10 00	300 00	310 00
Stoddart Island.....		150 00	150 00
Sydney Bar.....	30 25	225 00	255 25
Terrance Bay.....		75 00	75 00
Three Top Island.....	226 10	243 75	269 85
Tor Bay.....	309 52	225 00	534 25
Carried forward.....			

## SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Votes—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
<i>Nova Scotia—Continued.</i>			
Troop Point.....		75 00	75 00
Victoria Beach.....	2 00	75 00	77 00
Wallace Harbour.....		112 50	112 50
Walton Harbour.....	18 00	112 50	130 50
Wedge Island.....	70 90	300 00	370 90
West Arichat.....		150 00	150 00
Westlaver Island.....	11 30	150 00	161 30
West Head Barrington.....	4 40	150 00	154 40
Westport.....	94 70	262 50	357 20
Whitehead Island.....	3 60	382 50	386 10
Whycocomagh.....		45 00	45 00
Wolf Point.....	33 10	187 50	320 60
Wolfeville.....	0 50	75 00	75 50
Woods Harbour.....	74 42	150 00	224 42
Yarmouth Harbour.....		42 06	42 06
Carried to Folio 00.....	95,443 93	53,891 42	149,335 35
<i>Prince Edward Island—</i>			
Alberton.....	7 00	75 00	82 00
Annandale.....		75 00	75 00
Blockhouse Point.....	160 25	255 00	415 25
Brighton Beach.....	191 35	75 00	266 35
Brant Lightship.....	7,083 46		7,083 46
Brush Wharf Range.....	60 00	52 50	112 50
Big Tignish.....		97 50	97 50
Cape Bear.....	179 31	281 25	460 56
Cape Egmont.....	55 87	150 00	205 87
Cape Tryon.....	104 83	150 00	254 03
Cardigan River.....		75 00	75 00
Cascumpuque.....	62 90	225 00	287 90
Cove Head.....	33 91	67 50	101 41
Craupaud Harbour, outer.....	91 79	75 00	166 79
Craupaud Harbour, inner.....	125 55	75 00	200 55
Craupaud Harbour, Wrights.....		75 00	75 00
Daruley Basin.....		45 00	45 00
Daruley Point.....		93 75	93 75
East Point.....	128 51	50 00	578 51
Fish Island.....	288 36	175 00	463 36
General Account.....	6,936 76	541 66	7,478 42
Georgetown.....	8 77	112 50	121 27
Georgetown Wharf.....	86 31	75 00	161 31
Haszard Point, inner.....		97 50	97 50
Indian Point.....	292 87	281 25	574 12
Little Channel.....		75 00	75 00
Miminegash, inner.....		35 00	35 00
Miminegash, outer.....	5 00	40 00	50 00
Murray Harbour, inner.....	5 56	37 50	43 06
Murray Harbour, outer.....		37 50	37 50
New London Range.....		93 75	93 75
North Cape.....	5 69	225 00	230 69
North Rustico.....	239 45	93 75	333 20
Orwell.....	11 00	52 50	63 50
Panmure Head.....	135 91	187 50	323 41
Point Prim.....		225 00	225 00
St. Andrews.....		112 50	112 50
St. Peter's Harbour.....	9 00	97 50	106 50
St. Peter's Island.....		150 00	150 00
Savage Harbour.....	23 00	75 00	98 00
Sea Cow Head.....	140 21	187 50	327 71
Summer-side Wharf.....		75 00	75 00
Summer-side Range.....		60 00	60 00
Souris East.....	95 51	225 00	320 51
Tracadie.....		75 00	75 00
West Point.....	60 60	225 00	285 60
Wood Island.....	13 33	187 50	200 83
Wood Island Harbour.....		60 00	60 00
Cape Egmont advances.....	50 00		50 00
Carried to Folio 00.....	16,691 26	6,307 91	22,999 17



## APPENDIX No. 1

## SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Vessels—Continued

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
New Brunswick—			
Anderson Hollow.....	37 73	75 00	112 73
Bathurst.....	12 02	160 00	172 02
Bay du Vin Island.....	4 02	150 00	154 02
Beacon Light.....	114 77	282 50	397 27
Beaver Harbour.....	12 15	207 50	219 65
Belloni Point.....	5 52	75 00	80 52
Belyea Point.....	2 60	67 50	70 10
Big Duck Island.....	751 44	412 50	1,163 94
Black Lands Gully.....	88 29	75 00	163 29
Bliss Island.....	54 47	262 50	316 97
Bridges Point.....	3 45	60 00	63 45
Buctouche.....	47 02	122 50	169 52
Buctouche Bar.....	20 00	150 00	170 00
Buctouche, inner.....	4 02	.....	4 02
Big Shippegan.....	24 06	210 00	234 06
Cape Enrage.....	770 77	600 00	1,370 77
Cape Spencer.....	62 84	325 00	387 84
Caraquet Island.....	5 82	150 00	155 82
Caraquet Range.....	8 50	75 00	83 50
Cassie Point.....	9 02	187 50	196 52
Cedars.....	2 60	60 00	60 60
Cherry Island.....	20 67	112 50	133 17
Church Point.....	.....	112 50	112 50
Cox Point.....	4 40	60 00	64 40
Cape Tormentine.....	32 13	43 48	75 61
Dalhousie Harbour.....	4 02	75 00	79 02
Dipper Harbour.....	2 60	75 00	77 60
Douglas Island.....	50 04	156 25	206 29
Escuminac.....	296 95	562 50	859 45
Fanjoy Point.....	8 90	60 00	68 90
Flewelling Landing.....	2 60	60 00	62 60
Fort Folly Point.....	10 20	193 75	303 95
Fox Island.....	144 73	375 00	519 73
Gagetown.....	15 45	60 00	75 45
Gannet Rock.....	1,896 78	875 67	2,772 45
General Account.....	14,471 01	1,279 15	15,750 16
Goose Lake.....	29 70	187 50	217 20
Grand Harbour.....	32 87	300 00	332 87
Grand Manan.....	83 52	562 50	646 02
Great Beach.....	4 02	93 75	97 77
Green Head.....	5 60	150 00	155 60
Greys Point.....	2 60	72 50	75 10
Grindstone Island.....	571 79	525 00	1,096 79
Gull Cove.....	6 28	60 00	66 28
Hempstead Wharf.....	18 11	60 00	78 11
Harper Point.....	19 35	56 25	75 60
Hatfield Point.....	2 00	40 00	42 60
Hay Island.....	58 02	112 50	170 52
Head Harbour.....	694 19	750 00	1,444 19
Hendry Farm.....	8 60	60 00	68 60
Heron Island.....	4 02	150 00	154 02
Indian Point.....	11 81	112 50	124 31
Jemseg.....	5 70	60 00	65 70
Jourmain.....	30 85	235 00	265 85
Petite Passage.....	596 92	472 50	1,069 42
Little Belledune.....	2 60	75 00	77 60
Little Shippegan.....	5 35	75 00	80 35
Long Eddy Point.....	74 13	.....	74 13
Lurcher Shoal Lightship.....	18,687 68	.....	18,687 68
Machian Seal Island.....	1,229 06	750 00	1,979 86
Marks Point.....	2 60	90 00	92 60
Middle Island.....	47 13	150 00	197 13
Midgik Bluff.....	34 60	150 00	184 60
Mirimichi River Bridge.....	158 53	215 00	373 53
Miriamchi Bay Lightship.....	166 30	350 00	516 30
Miscou Island.....	91 54	600 00	691 54
Miscou Gully.....	27 69	.....	27 69
Montgomery Island.....	211 99	31 25	243 24
Mulholland Point.....	2 60	150 00	152 60
Musquash, East.....	15 84	245 00	260 84
Musquash Island.....	5 32	60 00	65 32
Moffatt's Landing.....	2 60	75 00	77 60
McMann Point.....	2 60	60 00	62 60
Negro Point.....	12 35	300 00	312 35
Neguac Wharf.....	14 27	112 50	126 77
Neguac Range.....	2 60	75 00	77 60
Newcastle.....	6 70	75 00	81 70

Carried forward.....

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## SCHEDULE C—Salaries of Lightkeepers and Repairs of Lights Votes—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	[\$ cts]
Brought forward.....			
New Brunswick—Concluded.			
North Tracadie.....	38 95	216 25	255 20
Oak Point, Miramichi Bay.....	4 02	75 00	79 02
Oak Point, St. John River.....	2 60	60 00	62 60
Oronocto.....	13 70	60 00	73 70
Armour Landing.....	7 10	60 00	67 10
Partridge Island.....	3,611 68	900 00	4,511 68
Passimaquoddy.....	41 93	531 40	573 33
Pea Point.....	29 57	207 50	237 07
Perry Point.....	36 63	60 00	96 63
Petit Rocher.....	5 35	112 50	117 85
Point Lepreau.....	1,878 19	1,012 50	2,890 69
Pokemouche.....	20 07	225 00	245 07
Pokesudie.....	22 52	135 00	157 52
Portage Island.....	25 74	225 00	250 74
Preston Beach.....	28 72	93 75	122 47
Quaco River.....	9 15	75 00	84 15
Quaco West Head F. A.....	441 10	300 00	741 10
Quaco Light.....	3 05	300 00	303 05
Richibucto Harbour Bar.....	86 65	112 50	199 15
Richibucto Harbour, Channel.....	24 77	166 00	189 77
Richibucto Head.....	14 86	138 75	153 61
Robertson Point.....	2 60	60 00	62 60
Reeds Point.....	115 00		115 00
St. John Harbour.....	12 03		12 03
St. Andrews.....	21 58	207 50	229 08
Sand Point.....	41 87	60 00	101 87
Sapin Point.....	11 60	18 75	30 35
Shediac Island.....	42 32	185 94	328 26
Shediac, North Channel.....	20 02	52 50	72 52
Shediac Harbour.....	2 60	61 56	64 16
Sheldrake Island.....	68 42	225 00	293 42
Southwest Head, Grand Manan.....	174 63	375 00	549 63
Southwest Wolf Island.....	221 00	375 00	596 00
Spruce Point.....	2 60	90 00	92 60
Stonehaven.....	2 60	75 00	77 60
Swallow Tail.....	135 59	300 00	435 59
South Tracadie.....	2 60	112 50	115 10
Tiner Point.....	769 05	562 50	1,331 55
Ward Point.....	2 60	60 00	62 60
Willnot Bluff.....	2 60	60 00	62 60
Carried to Folio 00.....	49,990 78	23,453 45	73,444 23
Quebec—			
Algernon Rock.....	59 55	224 00	283 55
Amherst Island.....	174 16	308 08	482 24
Amour Point.....	205 78		205 78
Ange Gardien.....	4 00	70 00	74 00
Anse St. Jean.....	10 00	30 00	40 00
Anticosti, East Point.....	100 02	520 00	620 02
Anticosti Lightship.....	10,804 68		10,804 68
Anticosti, Southwest Point.....	104 94	520 00	624 94
Anticosti, South Point.....	891 24	600 00	1,491 24
Anticosti, West Point.....	141 86	626 88	768 74
Ash Island.....	3 30	160 00	163 30
Anse au Griffon.....	7 64		7 64
Barachois de Malbaie.....	9 46	65 00	74 46
Barre à Boulard.....	5 52	206 25	211 77
Batiscan.....		126 00	126 00
Becancour.....	28 37	187 70	215 87
Bellechasse.....	110 09	272 50	382 59
Belle Isle.....	506 12	925 00	1,431 12
Belle Isle, North End.....	1,428 37	555 00	1,983 37
Bellerive Park.....	10 00	100 00	110 00
Bicquette Island.....	272 71	525 00	797 71
Bird Rocks.....	746 99	975 00	1,721 99
Bloody Island.....	190 00		190 00
Boucherville.....	43 72	60 00	103 72
Brandy Pots.....	23 62	330 00	353 62
Bryon Island.....	325 32	400 00	725 32
Beaujeu Bank.....	0 66		0 66
Berthier Channel.....	5 00		5 00
Cap à l'Aigle.....	4 00	40 00	44 00
Cape Bauld.....	1,691 73	675 00	2,366 73
Cape Charles.....	33 78	193 50	227 28
Carried forward.....			

## APPENDIX No. 1

SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Voted—*Continued.*

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
<i>Quebec—Continued.</i>			
Cape Chat.....	41 09	414 00	455 09
Cap au Corbeau.....	2 50	52 50	55 00
Cape Despair.....	104 42	350 00	454 42
Cape Gaspé.....	29 44	511 50	540 94
Cape Madeline, lower.....	81 63	525 00	606 63
Cape Madeline, upper.....	52 35	207 00	259 35
Cape Madeline, village.....	34 94	206 25	241 19
Cape Norman.....	2,220 78	540 00	2,760 78
Cape Ray.....	2,630 56	757 50	3,388 06
Cape Rosier.....	621 18	600 00	1,221 18
Cape Salmon.....	855 57	450 00	1,305 57
Cape Anguille.....	24 00		24 00
Carleton.....	29 28	245 00	274 28
Champlain.....	29 00	97 00	126 00
Champlain, upper.....		170 00	170 00
Chicoutimi.....	35 90	30 00	65 90
Chloroydorme.....	9 30	75 00	84 30
Citrouille Point.....	20 20	160 00	180 20
Contrecoeur Course.....		125 00	125 00
Contrecoeur Traverse.....	24 00	162 50	186 50
Contrecoeur to Vercheres.....	86 26	212 50	298 76
Crane Island.....	167 88	256 00	423 88
Duthies Point.....		30 00	30 00
Eboulements, Les.....	132 29	50 00	182 29
Egg Island.....	371 13	435 00	806 13
Entry Island.....	216 43	217 50	433 93
Etang du Nord.....	82 62	290 50	373 12
Escoumaine.....	9 00	108 33	117 33
Fame Point.....	1,024 67	540 00	1,564 67
Father Point.....	1,450 55	1,218 11	2,668 66
Flower Island.....	89 18	450 00	539 18
Fox River.....		55 00	55 00
Forteau.....	1,636 66	625 00	2,261 66
Garde Pointe Lightboat.....	71 20	265 00	336 20
Gascons, Wharf.....	28 00	27 47	55 47
Gaspé.....	97 81	21 00	118 81
Goose Cape.....	91 52	207 50	299 02
Grand Entry Harbour.....	31 37	30 00	61 37
Grand Isle.....	95 67	225 00	320 67
Grand River.....	11 61	160 00	171 61
Grande Vallée.....	13 00	75 00	88 00
Great Fox River.....		25 00	25 00
Green Island.....	161 17	364 21	525 38
Greenly Island.....	1,577 70	400 00	1,977 70
Griffin Cove.....		79 00	79 00
Grosse Roche.....	76 60	317 87	394 47
Grondines Point.....	83 12	354 00	437 12
Grondines, upper.....	10 06	33 00	43 06
Georgeville.....		39 21	39 21
General Account.....	57,926 75	2,108 37	60,035 12
Hochelaga.....	75 00	100 00	175 00
Ile à l'Aigle.....	17 00	100 00	117 00
Ile à la Bague.....	8 40	75 00	83 40
Ile au Belier.....	75 83	37 50	113 33
Ile Bouchard.....		40 00	40 00
Ile de Grace.....		225 00	225 00
Ile aux Coudres.....		40 00	40 00
Ile Delauriers Range.....	20 00	60 00	80 00
Ile à la Pierre.....	2 65	110 00	112 65
Ile aux Raisins.....	8 00	132 00	140 00
Ile Ste. Thérèse, lower.....	42 65	65 00	107 65
Ile Ste. Thérèse, upper.....	16 50	135 84	152 34
Ile Ste. Thérèse, new.....		40 00	40 00
Ile Marie.....		60 00	60 00
Ile aux Grues.....	4 28		4 28
Iberville Drawbridge Pier.....	15 50	160 00	175 50
Lacolle.....	8 00	75 00	83 00
Langlais Point.....	5 10	31 25	36 35
Lark Islet.....	46 04	225 00	271 04
Lavaltrie.....	49 08	200 94	250 02
Lightship, West No. 1.....	11 20	225 00	236 20
Lightship, Centre No. 2.....	6 91	250 94	257 85
Lightship, East No. 3.....	18 14	200 00	218 14
Little Metis.....	22 50	190 00	212 50
Long Pilgrim.....	110 49	238 00	348 49

Carried forward.....



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## SCHEDULE C—Salaries of Lightkeepers and Repairs of Lights Voted—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
Quebec—Continued.			
Lottiniere.....		80 00	80 00
Louisville.....		18 75	18 75
Lanorais Crossing.....		50 00	50 00
Leadmines.....		39 21	39 21
Macquereau Point.....	85 15	202 00	287 15
Martin River.....	551 51	175 00	726 51
Matane.....	17 50	150 00	167 50
Montée du Lac.....	19 25	230 00	249 25
Murray Bay.....		50 00	50 00
Mont Louis.....		75 00	75 00
Molson's.....	1 20	65 36	65 56
Montmagny.....		80 00	80 00
Niclot.....	8 90		8 90
New Carlisle.....	29 15		29 15
Newport Point.....	6 43	75 00	81 43
New Richmond.....	1 65	15 00	16 65
North Point.....	12 50	85 00	97 50
Natashquan.....	27 74	128 05	155 79
Oak Point Range.....	14 35	37 50	51 85
Paspébiac.....	35 58	125 00	160 58
Percé.....	44 40	125 00	169 40
Perroquet Island.....	148 79	350 00	498 79
Petite Traverse.....		150 00	150 00
Platon.....	8 85	90 00	98 85
Pointe à Basile.....	14 20	195 00	209 20
Point Bleue.....		30 00	30 00
Pointe Echouerie.....	154 66	71 25	225 91
Pointe aux Orignaux.....	72 26	274 50	346 76
Pointe du Lac.....	2 70	75 00	77 70
Pointe des Monts.....	343 38	462 50	805 88
Pointe Noire.....	315 30	190 00	505 30
Portneuf (above Quebec).....	83 23	203 50	296 73
Portneuf Saguenay.....	60 11	313 34	373 45
Port Daniel.....	40 30	80 00	120 30
Port St. Francis.....		240 00	240 00
Prince Shoal Lighthouse.....	2,219 43	900 00	3,119 43
Poste St. Martin.....	5 60	75 00	80 60
Plateau.....	117 71	1,425 00	1,542 71
Quebec.....	176 86	60 00	236 86
Red Islet.....	269 43	292 50	561 93
Red Islet Lightship.....	3,876 01	1,675 00	5,551 01
Repentigny.....	3 50	112 50	116 00
Rimouski Wharf.....	7 60	30 56	38 16
Richelieu.....	169 10	75 00	244 10
Rich Point.....	145 76	515 00	660 76
Riviere du Loup.....	14 10	70 00	84 10
Riviere du Chene.....		62 50	62 50
Riviere du Moulin.....	15 70	75 00	90 70
Riviere à la Pipe.....		37 50	37 50
Riviere Caribou.....	23 07	75 00	98 07
Riviere Valin.....	15 18	60 00	75 18
Roberval Range.....		75 00	75 00
St. Alphonse.....		30 00	30 00
St. Anne des Monts.....	9 80	83 00	92 80
St. Anne de Sorel.....	2 00	150 00	152 00
St. Antoine Range.....	15 25	150 00	165 25
St. Croix.....	5 80	153 25	159 05
St. Croix, front and back.....	26 34	126 00	152 34
St. Emelie.....	1 00	127 50	128 50
St. Famille.....	18 14	70 00	88 14
St. Isidore P. A.....	383 84	450 00	833 84
St. Irénée.....		30 00	30 00
St. Jean.....	5 30	231 00	236 30
St. Laurent.....	0 25	225 00	225 25
St. Francis River.....	17 08	160 00	177 08
St. Francois.....	13 90	136 50	150 40
St. Patronelle.....	404 31	129 17	533 48
St. Pierre.....	5 25	70 00	75 25
St. Ours, Traverse.....		87 50	87 50
St. Pierre des Becquets.....		52 50	52 50
St. Nicholas Semaphore.....	66 73		66 73
St. Valentine.....	3 00	110 62	113 62
Sandy Beach Point.....		300 00	300 00
Seven Islands.....	112 23	537 50	649 73
Sorel.....		85 00	85 00
Stone Pillar.....	79 16	250 00	329 16
Carried forward.....			

## APPENDIX No. 1

SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Votcs—*Continued.*

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	\$ cts.
Brought forward.....			
Quebec— <i>Continued.</i>			
St. Simon.....		11 12	11 12
Savards Valin.....		60 00	60 00
Traverse, lower.....	945 80	700 00	1,645 80
Traverse, upper.....	99 73	450 00	549 73
Varennas.....		52 50	52 50
Verchères Traverse.....	1 20	112 50	113 70
Verchères Village.....	2 70	112 50	115 20
White Island Reef Lightship.....	4,819 19	138 00	4,957 19
Witch Rook.....		110 28	110 28
Wadleigh.....		39 21	39 21
General Account—Advances.....	1,000 00		1,000 00
Carried to Folio 00.....	107,944 47	42,361 17	150,305 64
Ontario—			
Arnprior Island.....	1 35	112 50	113 85
Aylmer Island.....	20 17	131 25	151 42
Bamford Island.....	32 40	187 50	219 90
Barriefield Common.....		112 50	112 50
Baskins Wharf.....	3 80	97 50	101 30
Battle Island.....	34 30	374 97	409 27
Beauharnois.....	5 00	195 00	200 00
Belleville.....		150 00	150 00
Bishop Bay.....	18 10	112 50	130 60
Blind River Range.....	10 00	190 00	200 00
Bois Blanc.....	218 00	326 25	544 25
Boyd Island.....	22 00		22 00
Browns Point.....	14 00	135 00	149 00
Buckom Point.....	50 58	150 00	200 58
Burlington Bay.....	15 00	262 50	277 50
Byng Inlet.....	18 00	281 25	299 25
Bronte.....		112 23	112 23
Cabot Head.....	152 50	437 50	640 00
Campbell Island.....		112 50	112 50
Canadian Canal, lower entrance.....	227 14		227 14
Canadian Canal, upper entrance.....	1 00	55 00	56 00
Cape Croker.....	345 46	787 50	1,132 96
Cape Robert.....	52 50	262 50	315 00
Caribou Island.....	240 00	750 00	990 00
Caro Point.....	7 00	45 00	52 00
Centre Brother Island.....		150 00	150 00
Chentry Island.....	41 60	375 03	416 63
Cherry Island.....	15 00	225 00	240 00
Christian Island.....	2 17	326 25	328 42
Clapperton Island.....	15 00	262 50	277 50
Cobourg.....		135 00	135 00
Colchester.....	88 80	637 50	726 30
Cole Shoal.....		187 50	187 50
Collingwood.....	49 05	262 50	311 55
Collingwood Shore.....	18 09		18 09
Coppermine Point.....		75 00	75 00
Corbay Point.....		263 50	263 50
Corunna Range.....	41 42	90 00	131 42
Coteau Landing.....		105 00	105 00
Coulouge Lake.....	1 62	75 00	76 62
Cove Island.....	366 96	562 50	929 46
Cockburn Island.....		41 65	41 65
Darlington.....		100 00	100 00
Deep River Islet.....		75 00	75 00
Desoronto.....		150 00	150 00
Dorval.....		225 00	225 00
Dominion Lighthouse Depot.....	25,299 59	541 64	25,841 23
Eastern Gap.....	4 00		4 00
Flowerpot Island.....		225 00	225 00
Fort William, Ottawa.....	33 00	67 50	100 50
Fort William, Lake Superior.....		225 00	225 00
Fox Island.....	5 68	187 50	193 18
Frenchman's Bay.....	5 00	93 75	98 75
French River.....	20 00	375 00	395 00
Gananoque Narrows.....		412 50	412 50
Gargantua.....	277 28	337 50	614 78
Giant Tomb.....	17 00	187 50	204 50
Gibraltar.....	18 60	300 00	318 60
Carried forward..			

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SALARIES OF LIGHTKEEPERS AND REPAIRS OF LIGHTS VOTES—Continued.

	Maintenance and Repairs.	Salaries, and Allowances.	Total.
	\$ cts.	\$ cts.	cts.
Brought forward.....			
Ontario—Continued.			
Glengarry.....	50 00		50 00
Gin Island.....		300 00	300 00
Goderich.....	57 00	300 00	357 00
Gore Bay.....	75 00	487 50	562 50
Graham.....		112 50	112 50
Gravenhurst Narrows.....	2 54	75 00	77 54
Great Duck Island.....	413 46	525 00	938 46
Green Shoal.....		150 00	150 00
Grenadier Island.....	15 00	187 50	202 50
Griffith Island.....		300 00	300 00
Gross Point.....	8 00	457 50	465 50
General Account.....	33,449 72	5,000 54	38,450 26
Hamilton Island.....		75 00	75 00
Hope Island.....	1 00	337 50	338 50
Hoopers Point.....		150 00	150 00
Isle Perrot.....		75 00	75 00
Jones Island Range.....		600 00	600 00
Kagawong.....		54 00	54 00
Killarney.....		300 00	300 00
Kincardine.....	61 60	300 00	361 60
Kingsville.....		112 50	112 50
Kitchener Island.....	95 00	105 00	200 00
Lachine.....		41 66	41 66
Lake Ceceve.....	5 00	147 84	152 84
Lamb Island.....		375 00	375 00
Lancaster.....	15 00	243 75	258 75
Lancaster Bar.....	15 00	225 00	240 00
Leamington.....		112 50	112 50
Limekiln Crossing.....	16 00	262 50	278 50
Lion's Head Harbour.....		56 25	56 25
Little Current.....	19 00	262 50	281 50
Lonely Island.....	240 45	337 50	577 95
Long Point, East.....	31 75	525 00	556 75
Long Point, West.....		300 00	300 00
L'Orignal.....	114 16	75 00	189 16
Lower Allumette Lake.....	1 95	75 00	76 95
Lower Narrows.....		75 00	75 00
Lyal Island.....	12 00	337 50	349 50
Manitoulin.....		562 50	562 50
Mago in the Lake.....	20 50		20 50
Manitowaning.....	6 50	112 50	119 00
Meaford.....	56 50	150 00	206 50
Michael Point.....		90 00	90 00
Michipocoton Island.....	18 38	300 00	318 38
Michipocoton Harbour.....	10 92	150 00	160 92
Middle Island.....		290 68	290 68
Midland.....	8 00	275 00	283 00
Mississagi Strait.....	482 13		482 13
Mohawk Island.....		310 00	310 00
Morrison Island.....		75 00	75 00
Michipocoton.....	13 50		13 50
Mississauga Island.....	91 00	337 50	428 50
McKie Point.....	15 50	131 25	146 75
McQuestion Point.....		75 00	75 00
McTavish Point.....		75 00	75 00
Narrow Island.....		75 00	75 00
Niagara-on-the-Lake.....	12 00	187 50	199 50
Nigger Island Shoal.....	0 30	412 50	412 80
Nine Mile Point.....	1 94	150 00	151 94
Nottawasaga Island.....	89 66	487 50	577 16
North Sister Rock.....		375 00	375 00
Oakville.....		262 50	262 50
Oka.....	6 75	112 50	119 25
Outer Island.....	16 57	97 50	114 07
Outer Drake.....	10 00	300 00	310 00
Owen Sound.....	188 83	525 00	713 83
Papineauville.....	1 00	112 50	113 50
Perry Sound Depot.....	22 52	75 00	97 52
Peninsula Harbour.....	12,042 50		12,042 50
Pelée Island.....	7 50	375 00	382 50
Pelée Passage.....	6 75	225 00	231 75
Peter Rock.....	161 55	1,237 50	1,399 05
Pie Island.....	5 60	374 97	380 57
Pigeon Island.....	18 00	357 25	375 25
Point au Anglais.....	64 50	262 50	327 00
Point au Baril.....		150 00	150 00
Carried forward.....	33 00	225 00	258 00



## APPENDIX No. 1

## SCHEDULE 'C'—Salaries of Lightkeepers and Repairs of Lights Voted by the Legislature

	Maintenance and Repairs.	Salaries, and Allowances.	Total.
	\$ cts.	\$ cts.	cts
Brought forward.....			
<i>Ontario—Continued.</i>			
Pointe à Cadieux.....	84 41	112 50	196 91
Point Claire.....	26 50	150 00	176 50
Point Clark.....	44 00	300 00	344 00
Point Edward.....	10 00	112 50	122 50
Point Peter.....		487 50	487 50
Point Pleasant.....	15 00	225 00	240 00
Pointe au Pins.....		300 00	300 00
Porphry Point.....	3 00	337 50	340 50
Port Arthur.....	32 20	225 00	257 20
Port Burwell.....		168 75	168 75
Port Colborne.....	179 29	412 50	591 79
Port Colborne, breakwater.....		450 00	450 00
Port Credit.....		112 50	112 50
Port Dalhousie.....	142 53	262 47	405 00
Port Dover.....		225 00	225 00
Port Elgin.....	33 29	60 00	93 29
Port Maitland.....	6 00	262 47	268 47
Port Stanley.....		225 00	225 00
Port Whitby.....		100 00	100 00
Presqu'île, Lake Ontario.....	311 85	667 50	979 35
Presqu'île, Owen Sound.....		150 00	150 00
Providence Bay.....		187 50	187 50
Rains Wharf Range.....		56 73	56 73
Rainy River.....	17 60	187 50	205 10
Richards Landing.....	11 00	40 00	51 00
Rondeau Harbour.....	13 55	270 24	283 79
Rosseau.....	4 92	75 00	79 92
St. Anicet.....	17 90	172 50	190 40
Ste. Anne de Bellevue.....		112 50	112 50
St. Placide.....	20 00	35 00	55 00
St. Mary's River.....		75 00	75 00
Sailor Encampment.....	15 00		15 00
Salmon Point.....	17 00	225 00	242 00
Saugeen.....	9 35	90 00	99 35
Scotch Bonnet.....	39 60	262 50	302 10
Shoal Island.....	10 00	187 50	197 50
Silver Islet.....		75 00	75 00
Slate Islands.....	30 00	300 00	330 00
Snake Islands.....	15 00	262 50	277 50
Southampton Harbour.....		112 50	112 50
South Bay Point.....	22 25	262 50	284 75
South East Bay.....	13 13	45 00	58 13
South River.....	5 55	60 00	65 55
Squaw Island.....	11 75	150 00	161 75
Stag Island Shoal.....		112 50	112 50
Stokes Bay.....		150 00	150 00
Strawberry Island.....	15 00	225 00	240 00
Stribling Point Range.....	30 00	135 00	165 00
Sulphur Island.....	8 00	225 00	233 00
Spanish River.....	25 00	187 50	212 50
Telegraph Island.....	3 50	150 50	153 50
Thames River.....	147 50	318 75	466 25
Thessalon.....		225 00	225 00
Thornbury.....		60 00	60 00
Thunder Cape.....	313 19	525 00	838 19
Tomahawk Island.....	32 00	150 00	182 00
Trenton.....	17 35	154 80	172 15
Tobermory.....		187 50	187 50
Tolsmorville.....	30 59		30 59
Toronto East Gap.....	330 41	225 00	555 41
Toronto East Gap, F. A.....	7 00	562 50	569 50
Temiskaming.....	249 28	265 00	514 28
Victoria Island.....	66 57	352 50	419 07
Way Shoal.....	6 00	91 67	97 67
Welcome Islands.....	123 00	335 42	458 42
Weller Bay.....	18 91	112 50	131 41
Whiskey Island.....		300 00	300 00
Western Islands.....	68 10	600 00	668 10
West Sister Rock.....	2 09		2 09
Wiarton.....		56 25	56 25
Wilson Channel.....	13 10	262 50	272 60
Wolfe Island.....	26 51	187 50	214 01
Walobie River.....	15 00	112 90	127 90
Prescott Depot—Advances.....	100 00		100 00
General Account—Advances.....	1,086 70		1,086 70
Carried to Folio 00.....	79,815 16	50,162 90	129,978 07

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## SCHEDULE C—Salaries of Lightkeepers and Repairs of Lights Votes—Continued.

	Maintenance and Repairs.	Salaries and Allowances.	Total.
	\$ cts.	\$ cts.	cts.
<i>Manitoba—</i>			
Black Bear Island.....	110 44	150 00	260 44
Cox Reef.....	91 45	327 40	418 85
George Island.....	54 81	277 08	331 89
Gull Harbour.....	49 12	112 50	161 62
Mouth of Red River.....	53 18	262 50	315 68
	359 00	1,129 48	1,488 48
<i>British Columbia—</i>			
Active Pass.....	99 90	675 00	774 90
Amphitrite Point.....	139 73	207 50	347 23
Ballenas Island.....	58 16	50 00	108 16
Bare Point.....	7 45	126 00	133 45
Berens Island.....	187 95	225 00	412 95
Birnie Island.....	50 00	180 00	230 00
Brookton Point.....	224 25	225 00	449 25
Brothie Ledge Beacon.....	191 50	240 00	431 50
Bullmar Island.....		100 00	100 00
Balfour.....		90 00	90 00
Cape Beale.....	574 16	900 00	1,474 16
Cape Mudge.....	140 06	315 00	455 06
Carmanah.....	746 72	900 00	1,646 72
Coffin Islet.....	20 43	112 50	132 93
Crofton.....	1 90		1 90
Danger Reef.....	40 31	112 50	152 81
Denmain Island.....	97 05	300 00	397 05
Discovery Island.....	242 06	675 00	917 06
Dock Island.....	37 10	180 00	217 10
Drvad Point.....	15 24	225 00	240 24
Egg Island.....	1,064 56	830 65	1,895 21
Entrance Island.....	525 98	675 00	1,200 98
Fiddle Reef.....	23 10	300 00	323 10
Fisgard.....	87 11	375 00	462 11
Fraser River.....	373 12	1,125 00	1,498 12
General Account.....	14,483 46		14,483 46
Gallows Point, Fog Bell.....	1 50		1 50
Gallows Point, Beacon.....	56 09	110 00	166 09
Carry Point.....		90 00	90 00
Craeme Point.....	45 79	125 00	170 79
Green Island.....	441 79	846 50	1,288 29
Ivory Island.....	177 26	375 00	552 26
Kaslo.....		180 00	180 00
Kynquot.....	0 50	80 00	80 50
Laurel Point.....	68 75		68 75
Lawyer Islands.....	174 12	450 00	624 12
Lennard Island.....	822 01	1,598 31	2,420 32
Lucy Island.....	154 17	150 00	304 17
Lund.....		60 00	60 00
Merry Island.....	97 28	270 00	367 28
Middle Ground.....	30 00		30 00
North Arm Light.....	5 25	180 00	185 25
Nanaimo Harbour.....	60 85	135 00	195 85
Pachena Point.....	20 05		20 05
Pilot Bay.....	6 00	270 00	276 00
Point Atkinson.....	215 07	750 00	965 07
Pointer Island.....	47 89	270 00	317 89
Portier Pass.....	213 08	270 00	483 08
Portlock Point.....	24 49	345 00	369 49
Proctor.....	9 90	180 00	189 90
Prospect Point.....	250 04	225 00	475 04
Pine Island.....	188 63		188 63
Pultenay Point.....	62 84	250 00	312 84
Plover Point.....	38 10		38 10
Quotsino.....	75 58	88 71	164 29
Race Rocks.....	848 39	900 00	1,748 39
Saturna Island.....	123 66	412 50	536 16
Scarlet Point.....	229 78	337 50	567 28
Seechart.....	339 44	180 00	519 44
Sisters.....	132 02	450 00	582 02
Swale Rock.....	3 10		3 10
Sooke.....	2 25		2 25
Trial Island.....	452 44	551 77	1,004 21
Walker Rock.....	20 75	180 00	200 75
Whiffin Spit.....	51 66		51 66
Yellow Island.....	168 37	375 00	543 37
Carried to folio 00.....	25,927 60	19,964 44	45,892 04

## APPENDIX No. 1

## SCHEDULE 'C'—Continued.

## MAINTENANCE AND REPAIRS OF BUOYS AND BEACONS.

*Nova Scotia—*

	<i>1</i>	<i>2</i>
Amherst Basin.....	140	00
Annapolis.....	599	97
Apple River.....	34	90
Arichat.....	238	25
Argyle.....	100	00
Avon River.....	176	56
Beaujion Channel Beacon.....	52	65
Barra Strait.....	30	00
Barrington.....	812	00
Bear River.....	59	00
Beaver Harbour.....	100	00
Birchton.....	9	00
Blandford.....	25	00
Bluid Bay.....	51	00
Blunde Rock.....	11	00
Bras D'Or.....	130	00
Boule.....	50	00
Cape Island.....	42	00
Cape Negro.....	121	00
Canso and St. Andrews.....	78	00
Caribou.....	45	00
Chester or Mahone.....	62	18
Cheticamp.....	67	50
Chezzetcook.....	39	00
Clark Harbour.....	79	00
Dover East and West.....	113	50
Dublin West.....	25	00
General Account.....	18,495	23
Guysboro.....	14	00
Harbour au Bouche.....	38	00
Hay Cove.....	28	00
Head Harbour.....	37	00
Indian Harbour.....	10	00
Ingonish.....	38	00
Isaac Harbour.....	50	00
Johns Island Ledge.....	15	00
Jeddore.....	20	00
Jerseyman's Island.....	5	00
Judique.....	60	00
Ketch Harbour.....	60	00
L'Ardoise.....	15	00
La Have Islands.....	85	00
Lennox Passage.....	247	00
Little Narrows.....	33	00
Liverpool.....	1	40
Lower Prospect.....	25	00
Louisburg.....	278	85
Lunenburg.....	246	28
Lurcher Shoal.....	5	00
Mabou.....	37	00
Main à Dieu.....	64	00
Marble Mountain.....	20	00
Marie Joseph.....	405	00
Margaree.....	28	00
Margaree Harbour.....	20	00
Martin Brook.....	12	00
Merigonish.....	37	00
Monsellier.....	25	00
Musquodoboit.....	20	00
McKay Point.....	7	50
McKinnon Harbour.....	16	00
North Port.....	14	00
North Sydney.....	450	00
Parrsboro.....	50	00
Peases Island.....	15	00
Petit Degrat.....	86	40
Pictou.....	606	50
Pope Harbour.....	14	00
Port Bickerton.....	50	00
Port Felix.....	94	00
Port Hood.....	39	50
Port Latour.....	105	00
Port L'Ebert.....	50	00
Port Medway.....	70	78
Port Mouton.....	80	00
Pubnico.....	50	00
Pugwash.....	70	00
Queensport.....	10	00
Red Islands.....	20	00
River John.....	20	00
St. Ann's.....	30	00
St. Mary's River.....	45	00
St. Peter's Inlet.....	27	75
St. Peter's Bay.....	84	15

Carried forward.....



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## SCHEDULE C—Maintenance and Repairs of Buoys and Beacons—Continued.

Brought forward . . .

## Nova Scotia—Continued—

Shag Harbour	70 00
Shut Harbour	25 00
Shelbourne	32 50
Shirlee	37 50
Smith's Island	15 00
Sydney	24 00
Ship Harbour	10 00
Tangier	15 00
Tatamagouche	31 00
Terence Bay	9 00
Three Fathom Harbour	25 00
Tignish	32 00
Toby Cove	15 00
Torbay	29 00
Tusket	10 00
Upper Prospect	149 50
Wallace	415 00
West Bay	17 50
Weymouth	60 00
West Port	30 00
Woods Harbour	33 00
Yarmouth	106 32
	100 00
	371 22
Carried to folio 00.	\$27,547 07

## Prince Edward Island—

Bay Fortune	20 00
Beach Point	30 00
Brae Harbour	25 00
Brudmill River	14 00
Cape Tormentine	6 50
Cardigan, Lower	56 00
Cardigan, Upper	50 00
Cascumpac	95 00
Charlottetown	461 84
Cave Head	20 00
Crapaud	43 00
Cape Egmont	16 00
East Point	1 90
East River	85 19
Egmont Bay	79 00
Fitzroy Rock	142 76
General Account	856 77
Georgetown	114 36
Grand River	60 83
Goose Harbour	22 00
Indian Rocks	9 70
Little Channel	14 50
Malpeque	93 54
Miminiégash	154 60
Miscouche	48 46
Montague	28 50
Murray Harbour	125 00
New London	108 00
Orwell or Vernon River	54 38
Pointe du Chene	35 85
Pinette	17 00
Port Hill	32 00
Pawnall Bay	22 00
Rollo Bay	10 00
Rustico	40 00
St. Peter Harbour	80 00
Savage Harbour	30 00
Sea Cow Head	12 50
Sandy Island	24 75
Shediac Bay	10 60
Souris	25 00
Summerside	215 00
Tracadie	60 21
Tryon	16 66
West Point	61 05
Wood Island	32 94
Carried to folio. 00.	\$3,562 39

## New Brunswick—

Baie Verte	20 00
Bartibogue	10 00
Bathurst	120 00
Bay du Vin	42 50
Beaver and Black Harbour	29 00
Belle Isle	20 00
Black Point	15 40
Brought forward	

## APPENDIX No. 1

SCHEDULE 'C'—Maintenance and Repairs of Buoys and Beacons—*Continued.*

Brought forward....

*New Brunswick—Continued—*

Black Lands Gully.....	31 65
Blonde Rock.....	14 60
Bon Portage.....	328 90
Buck Rock.....	10 09
Buctouche.....	156 00
Calham.....	23 00
Campbellton Gas Buoys.....	261 86
Caraquet.....	136 00
Cocaique.....	8 00
Dalhousie.....	1,442 56
Digdequash.....	28 75
Dorchester.....	54 10
Gannet Rock.....	207 30
General Account.....	7,263 04
Grand Ance.....	18 00
Grand Manan.....	109 86
Grand Lake.....	159 39
Grindstone Island.....	196 74
Gannet Dry Ledge Buoy.....	66 28
Head Harbour.....	37 00
Kouchibouguac.....	88837
Lepreau.....	27 00
Letite.....	105 00
Little River.....	26 60
Little Shemogue.....	42 00
Little Shippegan.....	127 96
Lurcher.....	247 98
Magaguadavic.....	47 00
Mirimichi.....	770 77
Mispec.....	270 98
Musquash.....	30 00
Napan River.....	7 00
Neguac.....	110 00
North Waters.....	35 00
North West Ledge.....	23 75
Old Proprietor.....	240 01
Partridge Island.....	42 00
Pease's Island.....	51 57
Petit Rocher.....	17 00
Pisarinco.....	45 00
Pokemouche.....	81 80
Pubnico.....	23 00
Quaco.....	212 58
Richibucto.....	410 01
St. Andrews.....	105 40
St. Croix.....	50 00
St. John River.....	533 30
St. Louis.....	30 00
Shediac.....	171 73
Shippegan.....	327 47
Split Rock.....	25 00
South Wolf.....	202 90
Tabusintac.....	27 50
Tracadie.....	67 50
Trinity.....	484 37
Tynemouth.....	25 00
Washedemoak.....	63 75
West Isles.....	150 00
Yarmouth.....	381 78

Carried to folio 00..... \$16,538 30

*Quebec—*

Amherst Harbour.....	50 00
Anse au Gascons.....	50 00
Bonaventure River.....	55 75
Beaudry's Shoal.....	10 00
Cape Chat.....	20 00
Cape Cove.....	28 00
Cape Despair.....	15 00
Carleton Point.....	20 00
Chicoutimi.....	455 02
Escourie Rock or Petit Cap.....	45 80
Fox River.....	14 00
Gaspe.....	43 50
Gas Buoys.....	7,383 55
General Account.....	3,340 94
Grand Entry.....	80 00
House Harbour.....	37 50
Lake St. Francis.....	43 30
Lake Memphremagog.....	9 50
Lac St. Jean.....	107 50
Lachine.....	110 00
Little River East.....	20 00
Marie, Grand Cascapediae.....	23 00

Carried forward.....

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## SCHEDULE C—Maintenance and Repairs of Buoys and Beacons—Continued.

Brought forward.....	
<i>Quebec—Continued—</i>	
Matane.....	164 00
Montreal and District.....	33,086 69
New Richmond.....	35 85
North Channel.....	180 00
Nouvelle.....	31 50
Riviere de Prairie.....	75 00
Paspébiac.....	20 00
Percé.....	24 50
Petit Riviere, East.....	1 15
Petit Riviere, West.....	10 25
Pointe Rouge.....	149 17
Port Daniel.....	20 00
Missassin and Seribouca Rivers.....	300 00
Restigouche or Oak Bay.....	195 00
Richilieu River.....	295 00
Riviere du Moulin.....	12 50
Riviere Ste. Anne.....	25 00
St. Godfrey.....	8 75
St. Thomas de Montmagny.....	50 40
Saguenay.....	36 48
Sorel and Chambly.....	2 00
Sault au Mouton Harbour.....	10 00
Cram Island, Anchorage Beacon.....	119 20
Carried to folio 00.....	47,814 80
<i>Ontario—</i>	
Amherstburg.....	480 00
Bay of Quinte.....	95 00
Bois Blanc.....	872 40
Clapperton Island.....	30 00
Collingwood.....	705 00
Duck Islands.....	150 00
Fort William.....	270 00
General Account.....	188 60
Goderich.....	105 00
Hawkesbury.....	139 76
Lake St. Louis.....	70 00
Lake Nipissing.....	300 00
Lake Superior.....	260 00
Little Current.....	75 00
Lake Tunagavin.....	194 00
Midland.....	65 00
Napanee.....	25 00
Niagara.....	40 00
Necbish or Bruce Mines.....	107 50
Pancake Shoal.....	
Parry Sound.....	3,653 45
Pembroke.....	70 25
Penetanguishene.....	11 00
Port Arthur.....	321 00
Pointe au Baril.....	40 00
Port Rowan.....	55 00
Presqu'île.....	5 00
Rondeau.....	58 46
Rigaud.....	90 00
St. Placide.....	75 00
Saugeen River.....	62 00
Sault Ste. Marie.....	478 51
South Bay Mouth.....	20 00
Stokes Bay.....	25 00
Temiskaming Nav. Co. Ltd.....	107 37
Thames River.....	161 50
Trenton.....	39 00
Victoria Island.....	75 00
Wabausken.....	46 50
Carried to folio 00.....	9,536 30
<i>British Columbia—</i>	
Fraser River.....	1,712 37
Kootenay River.....	200 00
Inland Channels.....	5,308 21
Nanaimo.....	30 00
Victoria.....	173 20
Carried to folio 00.....	\$7,424 18



## APPENDIX No. 1

SCHEDULE 'C'—*Concluded.*

## RECAPITULATION.

	Maintenance and Repairs of Buoys and Beacons.	Maintenance and Repairs of Lights.	Salaries and Allowances of Light- Keepers.	Totals.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
General..... Folio —.		35,425 09		35,425 09
Nova Scotia..... Folios —.	27,547 07	95,443 93	53,891 42	176,882 42
P. E. Island..... Folios —.	3,562 39	16,691 26	6,307 91	26,561 56
New Brunswick..... Folios —.	16,538 30	49,990 78	23,453 45	89,982 53
Quebec..... Folios —.	47,814 80	107,944 47	42,361 17	198,120 44
Ontario..... Folios —.	9,536 30	79,815 16	50,162 91	139,514 37
Manitoba..... Folios —.		359 00	1,129 48	1,488 48
British Columbia..... Folios —.	7,424 18	25,927 60	19,964 44	53,316 22
Total.....	112,423 04	411,597 29	197,270 78	721,291 11
Maintenance and Repairs of Lights—				
Lighthouses and Lightships.....			\$411,597 29	
Buoys and Beacons.....			112,423 04	
				524,020 33
Salaries and allowances of Lightkeepers.....				197,270 78
				\$ 721,291 11

## SCHEDULE 'D.'

DETAILS of Expenditure Fiscal Period of Nine Months, 1906-1907.

## AGENCIES, RENTS AND CONTINGENCIES VOTE.

Nova Scotia.....	\$ 3,871 48
Prince Edward Island.....	1,075 00
New Brunswick.....	3,078 39
Quebec.....	4,060 94
Montreal.....	5,681 12
Parry Sound.....	821 44
British Columbia—	
General Account.....	\$3,597 80
Advance Account.....	300 00
	3,897 80
	\$22,486 17

## SCHEDULE 'E.'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## CONSTRUCTION OF LIGHTS.—CONSTRUCTION LAKE ST. PETER AND CONSTRUCTION LOWER AND UPPER TRAVERSE PIERS VOTES.

<i>General Account—</i>			
General Account.....	\$51,721 17		
General Account—Advances .....	100 00		
			\$51,821 17
<i>Submarine Signals—</i>			
General Account.....	8,902 65		
General Account—Advances .....	253 50		
			9,156 15
<i>Nova Scotia—</i>			
General Account.....	6,375 97		
Cape Sable.....	859 27		
Brier Island.....	2,788 26		
Dartmouth.....	944 30		
Maugers Beach.....	2,647 91		
Sambro.....	22,022 09		
Thrum Cape.....	1 00		
Bear Island.....	849 71		
Shulee Harbour.....	96 98		
Cape Race.....	30,484 20		
Cape Race—Advances .....	4,600 00		
Cranberry Island.....	444 37		
Cape North.....	3,833 97		
Pleasant Harbour.....	12 50		
Pictou Island Pier.....	1,926 28		
Buoys.....	40,746 20		
Little Hope.....	3,146 68		
Little Hope—Advances .....	1,000 00		
Amet Island.....	2,411 75		
Gugsboro Light.....	41 60		
Cape D'Or.....	793 35		
Escuminac.....	758 33		
Canso Harbour.....	33 97		
Gilbert Cove.....	22 40		
Louisburg.....	3,003 43		
Port Bickerton.....	138 33		
Green Cove.....	463 30		
Scatarie.....	265 45		
Bird Island.....	261 96		
Ouitique Island.....	109 13		
Green Island.....	21 03		
Jordon Breakwater.....	946 74		
Wedge Island.....	1,066 00		
Cap la Ronde.....	175 25		
Budget St.....	504 18		
False Passage Beacon.....	184 02		
McKenzies Pt.....	634 40		
Yarmouth Harbour.....	561 92		
Three Top Island.....	276 60		
Port Maitland.....	43 86		
Bunker Island North.....	42 56		
Chebucto Head.....	656 87		
Seal Island.....	3,420 00		
Apple River.....	670 88		
Hawk Island.....	9 90		
Grand Ligne.....	6 50		
Cariboo Island.....	274 99		
Micheners Point.....	14 00		
Harbour Island—Advances .....	1,000 00		
Seal Island—Advances .....	10,260 00		
			151,852 39
<i>Prince Edward Island—</i>			
General account .....	34 27		
Panmure Island.....	445 38		
Indian Point.....	2,541 74		
Brighton.....	139 86		
Souris.....	543 40		
Georgetown, inner light .....	143 52		
St. Andrews Point.....	20 16		
Blackhouse Light.....	59 51		
Cape Bear.....	92 49		
Crapaud Light.....	13 65		
Warren Farm Light.....	1,305 39		
Marine Wharf, Charlottetown.....	1,025 74		
Robinsons Island .....	44 78		
			6,410 19

Carried forward

## APPENDIX No. 1

SCHEDULE 'E'—Construction of Lights Votes—*Continued.*

Brought forward..

*New Brunswick—*

General Account.....	1,643	69
Miscow.....	49	25
Partridge Island.....	5,048	96
Goose Lake.....	225	53
Quaco.....	18	18
Passamaquoddy.....	3,790	06
Letite.....	1,170	63
Gannet.....	11,076	25
B g Duck Island.....	1,116	25
Machias Seal Island.....	422	35
Tiner Point.....	373	57
Head Harbour.....	1,887	91
Bell Buoy Boat.....	2,982	80
Escuminac.....	1,712	08
Shallow Tail.....	127	80
Bliss Island.....	4	25
Pointe Lepreau.....	507	08
Buctouche Bar Light.....	384	33
Grand Manan.....	113	16
Lurcher Lightship.....	342	91
Cape Enrage.....	231	47
Cape Tormentine.....	19	00
Cocacque Range.....	333	53
Buoys.....	17,273	60
Long Point.....	17	23
Shippegan Advances.....	5,503	50

56,438 37

*Quebec—*

General Account.....	36,753	70
General Account—Advances.....	200	00
Montreal District—General.....	52,045	81
Buoys.....	3,745	29
Construction—Lake St. Peter.....	17	65
Isle du Moine.....	17,143	03
Cape Madeline.....	6,276	70
Lake St. Peter—No. 1.....	2,234	29
Lake St. Peter—No. 2.....	20,378	25
Lake St. Peter—No. 3.....	3,295	92
Lower Traverse Piers.....	13,923	35
Upper Traverse Piers.....	3,203	48
Lark Islet.....	1,882	38
Cape Norman.....	13,116	12
Cape Ray.....	4,616	28
Anticosti.....	120	87
Bryon Island.....	908	22
Grenley Island.....	4,580	06
Fame Point.....	3,015	15
Cape Bauld.....	10,139	54
Cape Bauld—Advances.....	11,520	00
Portneuf, A.....	1,123	09
Portneuf, B.....	19	75
Gallis Bay.....	34,010	93
Martin River.....	2,296	60
Champlain B.....	125	00
Belle Isle.....	8,977	41
Cap Madeline Village.....	491	00
Cap Rosier.....	199	61
Chicoutimi.....	110	70
River du Moulin.....	90	62
Beaucoux.....	29	47
Caribou.....	675	84
Ile des Barques.....	12,680	49
Conbilly Pier F.....	17,478	25
Nicolet F.....	27,320	83
Grosse Roche.....	1,126	92
Lavaltrie B Pier.....	236	01
Cape Magdalene.....	408	75
Cape Madeline Upper Range.....	55	00
Ile aux Cochons.....	898	11
Ile du Pas.....	9,255	99
Ile aux Raisins.....	5,522	47
Port Daniel West.....	2,129	35
St. Felicite.....	1,638	12
Birds Rocks.....	8,382	87
Ezcoumaine.....	116	18
Controcoeur.....	475	92
Cap Auguille.....	13,821	84
Seven Islands.....	8,890	68
Hospital Rock.....	1,827	93
Point à Basil.....	13	97
Father Point.....	1,123	91
Point du Lac.....	549	12
Crane Island.....	3	35
Sandy Beach.....	162	21

Carried forward



7-8 EDWARD VII., A. 1908

SCHEDULE 'E'—Construction of Lights Votes—*Continued.*

Brought forward.....

Quebec—*Continued.*

Matane.....	61 60
Heath Point.....	2,016 60
Quebec Range Lights.....	159 78
Champlain Village.....	671 00
Point Amour.....	15 08
Quebec Breakwater.....	575 27
Poste St. Martin.....	1,254 19
Carleton.....	323 72
Isle de Grace.....	65 44
Louiseville.....	375 89
St. Thomas de Montmagny.....	109 45
Red Island Lightship.....	264 75
White Island Lightship.....	554 69
Anticosti Lightship.....	1,158 80
Prince Shoal Lightship.....	690 30
Ramblers Cove.....	188 87
Esquimaux Point.....	181 33
Bouchard Island.....	26 30
Little Metis—Advance.....	2,925 00

382,916 94

## Ontario—

General Account.....	6,329 96
General Account—Advances.....	1,850 00
Prescott Depot.....	161,313 03
Parry Sound.....	1,201 42
False Ducks.....	2,586 00
Burlington B.....	214 11
Cull Harbour.....	11 75
Red River.....	288 94
Georges Island.....	784 34
Black Bear.....	248 76
Cox's Reef.....	71 25
Red Rock.....	1,129 97
Arnprior.....	843 71
Midland Range.....	694 65
Welcome Island.....	126 60
Long Point.....	339 61
Cove Island.....	26 47
Port Colborne.....	6,585 97
Sulphur Island.....	1,828 64
Saugeen.....	162 10
Presque Isle.....	8,056 63
Great Duck Island.....	18 32
Boyd Island.....	180 00
Thunder Cape.....	1,206 28
Colchester Reef.....	905 30
Point Pleasant.....	223 45
River Thames—Advances.....	100 00
Niagara.....	197 82
Mississauga.....	10,726 96
Penetanguishene.....	1,065 01
Toronto East Gap.....	71 75
Allumette Island.....	852 76
Bronte Light.....	832 00
Lonely Island.....	3,332 49
Way Crossing.....	66 61
Besserer.....	63 17
Buoys.....	105,201 60
Cabots Head.....	15 17
Peele Passage.....	73 25
Stokes Bay.....	165 00
North Sister Rock.....	215 60
Spruce Island Light.....	107 44
Western Island.....	373 27
Clapperton Island.....	55 95
Collingwood.....	6 50
Nigger Island.....	130 52
Salmon Point.....	176 93
Point Traverse.....	193 66
Point Peter.....	4 30
Toberinory.....	10 00

331,425 02

## British Columbia—

General Account.....	12,618 72
General Account—Advances.....	750 00
Netis.....	20 30
Buoys.....	76,650 00
Island Channels.....	1,324 03
Egg Island.....	45 40
Discovery Island.....	139 52
Larnard Island.....	557 88
Trial Island.....	4,136 44

Carried forward

## APPENDIX No. 1

SCHEDULE 'E'—Construction of Lights Votes—*Continued.*

Brought forward.....	
<i>British Columbia—Continued.</i>	
Cape Beale.....	3,444 81
Carmanah.....	195 80
Lucy Island.....	6,978 81
Entrance Island.....	1 50
Green Island.....	24 17
Packena Point.....	28,453 91
Pine Island.....	21,283 56
Portier Island.....	42 25
Crofton Light.....	145 89
Race Rocks.....	106 07
Sechart Light.....	149 72
Portier Pass.....	1,454 13
Amphritite Point.....	95 37
Cape Mudge.....	175 00
Estevan Point.....	301 30
Kyugust.....	322 64
Quotaimo.....	663 68
Brockton Point.....	135 39
Dock Island.....	45 60
Lund Light.....	197 76
Seven Mile Creek.....	465 54
Laurel Point.....	38 61
Pausiat Lookout.....	469 09
Life Saving Station.....	3,174 91
Plover Point.....	184 95
The Sisters.....	1,200 00
Ivory Island.....	1,200 00
Yellow Island.....	1,200 00
Ballinas Island.....	1,200 00
	<u>170,005 75</u>
	1,160,025 98

## SCHEDULE 'F'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## HYDROGRAPHIC SURVEY VOTE.

	\$	cts.	\$	cts.
<i>Lake Superior and Winnipeg.....</i>	16,008	70		
<i>Lake St. Louis or Two Mountains.....</i>	7,782	16		
<i>Lake St. Francis.....</i>	6,106	59		
<i>Atlantic Coast—</i>				
General Account.....	23,779	22		
Advance Account.....	200	00		
			23,979	22
<i>River St. Lawrence.....</i>			11,992	03
<i>Pacific Coast—</i>				
General Account.....	10,736	33		
Advance Account.....	961	10		
			11,697	43
<i>Office Expenses.....</i>			6,839	54
			<u>84,405</u>	<u>67</u>

## SCHEDULE 'G.'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## MARINE HOSPITAL VOTE.

<i>General Account</i> .....		1,937 90
<i>Nova Scotia—</i>		
General Account.....	17 00	
Advocate.....	43 40	
Annapolis.....	73 00	
Apple River.....	52 60	
Arichat.....	47 00	
Barton.....	94 95	
Baddock.....	7 50	
Barrington.....	26 75	
Bear River.....	241 50	
Bellvanus Cove.....	7 00	
Bridgetown.....	12 35	
Bridgewater.....	80 00	
Canso.....	286 52	
Cheticamp.....	39 00	
Clarks Harbour.....	433 80	
Digby.....	322 78	
Fireport.....	116 44	
Glace Bay.....	163 60	
Hantsport.....	54 80	
Harbour au Bouche.....	10 00	
La Hare.....	221 35	
L'Ardoise.....	23 50	
Liscomb.....	323 86	
Liverpool.....	478 07	
Lockport.....	47 39	
Louisburg.....	285 66	
Lunenburg.....	933 42	
Mahone Bay.....	32 75	
Margaree.....	21 10	
Margaretsville.....	9 00	
Meteghan.....	9 50	
New Campbelltown.....	5 00	
North Sydney.....	355 40	
Parrsboro'.....	287 10	
Pictou.....	702 71	
Port Greville.....	131 50	
Port Hawkesbury.....	328 79	
Port Hood.....	3 90	
Port la Tour.....	109 00	
Port Morien.....	93 75	
Pubnico.....	84 46	
Pugwash.....	19 50	
River Bourgeois.....	74 75	
Sandy Cove.....	240 50	
Shelbourne.....	19 00	
Sherbrooke.....	12 00	
Ship Harbour.....	21 00	
Shippegan.....	7 25	
Springhill.....	131 35	
St. Peter's.....	30 80	
Sydney.....	1,436 77	
Thames Cove.....	54 00	
Tusket.....	42 50	
Victoria General Hospital.....	2,419 30	
Whitehaven.....	18 50	
Windsor.....	74 35	
Westport.....	360 69	
Weymouth.....	90 23	
Yarmouth.....	752 30	
Port Hastings.....	10 50	
Maitland.....	10 00	
Tiberton.....	88 00	
Isaacs Harbour.....	22 75	
Tignish.....	10 95	
<i>Prince Edward Island—</i>		12,564 17
General Account.....		
Alberta.....	23 40	
Charlottetown.....	156 25	
Crapaud.....	343 10	
Montague.....	7 50	
Prince Edward Island Hospital.....	12 70	
Souris.....	28 80	
Summerside.....	499 33	
Tignish.....	261 75	
Vernon River.....	212 25	
	9 00	
		1,554 08

Carried forward



## APPENDIX No. 1

SCHEDULE 'G'—Marine Hospital Vote—*Continued.*

Brought forward.....			
<i>New Brunswick—</i>			
Bathurst.....	250	72	
Buctouche.....	77	70	
Campbelltown.....	7	00	
Dalhousie.....	23	80	
Dorchester.....	18	25	
Grand Manan or North End.....	75	00	
Hillsboro.....	197	52	
Miramichi or Newcastle.....	834	17	
Moncton.....	191	65	
North Head.....	30	00	
Richibucto.....	150	00	
Sackville.....	65	25	
Shediac.....	152	40	
St. Andrews.....	220	11	
St. George.....	13	00	
St. John Marine Hospital.....	2,898	80	
St. Martin's.....	18	00	
Douglstown.....	96	30	
			5,319 67
<i>Quebec—</i>			
General Account.....	568	55	
Batiscan.....	6	65	
Chicoutimi.....	109	80	
Gaspé.....	131	50	
Hôtel de Dieu, Quebec.....	65	70	
Jeffrey Hale Hospital.....	439	20	
Magdalen Islands.....	101	00	
Matane.....	108	50	
Montreal General Hospital.....	2,395	20	
New Richmond.....	39	50	
Notre Dame.....	3,268	40	
Paspébiac.....	22	00	
Percé.....	134	00	
Port Daniel.....	67	25	
Rimouski.....	114	50	
Rivière.....	67	00	
St. John's.....	466	30	
St. Thomas, Montmagny.....	20	00	
Tadoussac.....	11	50	
Three Rivers.....	404	90	
St. Catharines Bay.....	2	00	
Seven Islands.....	96	50	
Fraserville.....	16	75	
Carleton.....	99	00	
			8,809 70
<i>British Columbia—</i>			
General Account.....	2	25	
Chemaines.....	650	69	
Nanaimo.....	450	00	
New Westminster.....	144	00	
St. Paul's Hospital.....	1,760	00	
Victoria.....	3,365	65	
Vancouver.....	804	00	
			7,176 59
			37,362 11

## SCHEDULE 'H.'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## SHIPWRECKED AND DISTRESSED SEAMAN VOTE.

General Account.....	151	38
Nova Scotia.....	247	47
Prince Edward Island.....	195	64
New Brunswick.....	20	95
British Columbia.....	24	25
	839	69

## SCHEDULE 'I'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## SALARIES AND DISBURSEMENTS OF FISHERY OFFICER'S VOTE.

<i>General Account</i> .....	1,437 28
<i>Nova Scotia</i> .....	24,989 28
<i>Prince Edward Island</i> .....	5,841 67
<i>New Brunswick</i> .....	24,938 35
<i>Quebec</i> .....	5,590 94
<i>Ontario</i> .....	3,188 34
<i>Manitoba</i> .....	2,173 33
<i>Alberta</i> .....	2,677 77
<i>Saskatchewan</i> .....	3,681 45
<i>British Columbia</i> .....	20,381 97
<i>Yukon</i> .....	1,030 35
	<hr/>
	95,930 54

## SCHEDULE 'J'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## FISH BREEDING VOTE.

<i>General Account</i> .....		12,014 45
<i>Nova Scotia</i> —		
Bedford.....	1,525 85	
Margaree.....	2,307 43	
Windsor.....	1,568 64	
Bay View.....	1,148 36	
Canso.....	1,277 61	
	<hr/>	7,827 89
<i>Prince Edward Island</i> —		
Charlottetown.....	1,245 72	
Kellys Pond.....	1,706 75	
	<hr/>	2,952 47
<i>New Brunswick</i> —		
Miramichi.....	2,644 56	
Restigouche.....	3,493 18	
Grand Falls.....	300 00	
Shippegan.....	652 60	
Shemogue.....	1,520 43	
Carleton Salmon Pond.....	1,732 32	
	<hr/>	17,343 09
<i>Quebec</i> —		
Gaspé.....	1,869 55	
Lac Tremblant.....	1,199 80	
Magog.....	1,554 61	
St. Alexis.....	827 10	
Tadoussac.....	3,690 22	
Lake Lester.....	1,500 19	
Chelsea Trout Pond.....	42 37	
	<hr/>	6,059 88
<i>Ontario</i> —		
Ottawa.....	1,451 13	
Newcastle.....	3,024 45	
Sandwich.....	5,593 91	
Quinte Bass Pond.....	532 80	
Wiarton.....	2,019 90	
	<hr/>	12,622 19
<i>Manitoba</i> —		
Selkirk.....	3,438 51	
Berens River.....	12,419 84	
	<hr/>	15,858 35
<i>British Columbia</i> —		
Fraser River.....	4,646 22	
Granite Creek.....	7,090 34	
Harrison Lake.....	8,701 37	
Pemberton.....	7,802 08	
Rivers Inlet.....	5,125 72	
Rivers Inlet—Advances.....	187 96	
Skeena.....	5,526 25	
Skeena—Advances.....	300 00	
	<hr/>	39,379 94
		<hr/>
		118,681 62

## APPENDIX No. 1

## SCHEDULE 'K.'

DETAILS of Expenditure, Fiscal Period of Nine Months, 1906-1907.

## FISHERIES PROTECTION VOTE.

<i>General Account</i> .....		7,325 65
<i>Constance</i> .....		120 00
<i>Princess—</i>		
<i>General Account</i> .....	22,763 29	
<i>Advance Account</i> .....	500 00	
		22,763 29
<i>Osprey</i> .....		6,776 00
<i>Curlew</i> .....		16,307 26
<i>Petrel</i> .....		16,997 90
<i>Kestrel</i> .....		22,151 47
<i>Georgia</i> .....		5,857 22
<i>Swan</i> .....		2,745 54
<i>Canada</i> .....		58,954 63
<i>Vigilant</i> .....		32,698 85
<i>Falcon</i> .....		3,474 11
<i>Rocket</i> .....		555 00
<i>Premier</i> .....		5,670 20
<i>Fisheries Intelligence Bureau</i> .....		2,961 54
		204,858 57



CANADIAN GOVERNMENT, DEPARTMENT OF MARINE AND FISHERIES  
—WORK AT AGENCIES AND BRANCHES, AUGUST 26, 1907.

PARRY SOUND.

At Parry Sound we found that the depot had been operating for twenty months, and that there were very few, if any, permanent records; and no records of any sort on a good many transactions of that depot.

We gathered together facts for records from slips of paper and from conversation with the various people there, arranging same in proper form. These include statements as to the amount of carbide and other stores used, the amount of gas made from carbide, and extent of service rendered, and other expenditures, together with all of the necessary detail, incidental, and have prepared a statement of expenditures according to logical account headings, and presented same in reports already in the files of the department.

We have prepared a suitable system for carrying accounts in this agency covering its maintenance and operation, and covering its buoy and other outside service, and have provided for suitable records of stores transactions, banking transactions, handling of payroll so that the entire conduct of the agency may be a matter of permanent record arranged in the proper shape, as stated in several detailed reports which we have made concerning this agency, and which are on file in the department.

The use of the various records have been explained to the agent in charge, and to the foreman, so far as his work is concerned in this connection.

At the Parry Sound agency, as at all agencies, the account of cash in the local bank was carried in the name of the agent as his personal account. This we have changed at Parry Sound, and the account is now carried in the name of the Department of Marine and Fisheries.—M. Brais, Agent.

This is an important matter, to have the account in the name of the department, and not in the name of any one individual, and we shall arrange for this at all of the agencies that have available funds on hand.

PRESCOTT.

We found the Prescott lighthouse depot in charge of Assistant Commissioner W. H. Noile, his time being very much taken up with matters of his position as Assistant Commissioner, and his attention consequently distracted from the needs and work immediately at the Prescott depot.

Mr. Noile is now at Ottawa, and in his absence the accountant Mr. Boyle has been given certain authority over the depot, and Mr. Boyle appears to be filling his position well.

Mr. Frezer is also energizing work at Prescott, and on the occasion of Mr. Lelan's last visit, Prescott had a business-like atmosphere and manifest energy at work not heretofore noticeable.

We divided the Prescott depot into departments, and each of the buildings and parts of buildings have been numbered accordingly.

Inventory is being taken on approved lines, in accordance with our suggestions, and a stores ledger installed; also a list of standing order numbers prepared by us is being made operative, under which expenditures incidental to administration may be charged.

The scheme of production orders, which we outlined and for which the necessary forms have been provided, is also being made effective, and it will soon be possible to draw off a balance sheet each month of the Prescott depot transactions. This has not been possible before at any agency or branch of the department.

## APPENDIX No. 1

By this scheme of production orders, plant orders and standing orders installed at Prescott, and which are being made effective at other agencies, particularly where manufacturing is carried on, will result in a system of accounts being such as are used in all modern industrial organizations.

In the office at Prescott, as at other agencies, the installation of a proper and complete set of accounts, double entry is being effected.

As our work continues there will accumulate at Prescott, and elsewhere where manufacturing is done, the cost of every piece of work made and of service rendered, showing the items of material, labour and expense separately, and expense is accounted for in suchwise that at the end of each fiscal period the agency will show neither loss nor gain: the cost of its administration and maintenance, having been completely absorbed through the cost accounts which has never before been possible under the old method of accounting.

At those agencies where there is no manufacturing, that is, where merely material and supplies are received and disbursed, the expense of maintaining the agency will be absorbed in the charges for material and supplies distributed to the various lights and other aids, so that each and every agency, whether having to do with manufacturing or not, will come out even at each year end.

It is our purpose that Prescott office shall have oversight of Parry Sound accounts until the latter becomes sufficiently large to make this plan impracticable. So far as the accounts are concerned, the Parry Sound depot may be considered, if you please, as a branch of Prescott.

At none of the agencies have we found it necessary to add clerical force, nor do we think such addition to the force will be necessary, an exception here and there possibly proving the rule later on.

## MONTREAL AND SOREL.

There is very little work necessary in the Montreal agency office in connection with aids to navigation.

At Sorel we found no timekeeper nor foreman in charge. Some workmen were working in the yard building a scow, also some employees were in the lamp-room and in other places about the department only partially employed.

At Sorel there has been no apparent attempt at a proper accounting, and the pay sheets have been susceptible of great manipulation, it being the practice, we were advised, to send the pay sheets to Ottawa made out and signed before the money had been received by the employees. This we have provided to remedy by the new form of pay sheet, which we have made and which has been provided.

As our work develops Montreal and Sorel offices might, if the department wished, be combined into a single office, and any manufacturing at Sorel transferred to the shipyards.

## QUEBEC.

At Quebec the matter of procuring and disbursing supplies is an important one. No suitable record of stores has been maintained at that point nor any personal ledger. Both of these we have provided.

Petty cash and all funds at the different agencies and branches have been neglected so far as any current clear records of same is concerned. In some instances memorandum books merely have been used, with the entries a considerable time in arrears, and changes in the entries being made at will.

We have provided to take care of this very simply through a properly ruled cash book which we have designed and which has been secured.

The accounts at Quebec are being arranged and system prepared to install, so that the monthly balance sheet may be taken from that agency each month. The importance of this is at once manifest when it is observed that expenditures through Quebec agency amount to \$800,000 a year.

The method of receiving material, as well as disbursing it, has been very crude. We now propose that material received shall be actually counted and reported quite independent of vendor's bills. These reports of material received will then be passed to the office, and will there be compared with vendor's bills, and the material received will be reported upon as to quality as well as quantity. Further than this, we propose to attach to the back of vendor's bills the material received record of original entry, which conforms to the best possible accountancy practice.

It has been the custom at Quebec to immediately charge purchases to the particular light or aid for which material or supplies have been required, and in making purchases and immediate charges, the assumption has been that the exact quantities required are purchased and received. Any overages on hand have been unaccounted for and, conversely, any shortages of materials ordered of the full amount required have resulted in causing delays in service, which is bad. The exceptions to the above are that oils, paints and office supplies and certain small items, like brooms and chimneys, have been received in bulk and not charged out until disbursed, but there has been no proper method of accounting for such materials and supplies while on hand. The new system provides properly for all of the above weaknesses of the old method.

#### SUPPLY SHIPS.

Certain ships of the department are under the control, as to their movements, of the agent.

Agent Gregory at Quebec professes not to be a navigator, and in the direction of ship's movements considers the service and follows instructions given him from Ottawa, so far as these instructions are in harmony with his thought as to the best interests of the department in keeping its aids to navigation in running order, and lighthouses and other stations properly supplied.

There is abundant opportunity for reorganization of the accounts in the matter of ships, much of which will be affected by the new scheme for agencies and branches.

#### ST. JOHN.

The method of accounting at St. John has been very simple, and of necessity should balance out, but in no wise are the accounts susceptible of proof physically. There is no stores system recognized and no stores accounts are kept. However, certain materials are stored in the basement of the building, and certain coals are stored in bags on an open wharf; also chain and other buoy equipment are stored on an open wharf.

The plan of charging lights and aids at St. John has been through the use of a copy of the bill of lading covering the several items purchased and shipped, which is hardly an approved method of accounting for the quantity of material and supplies which pass through the St. John agency. A considerable quantity of material, labour and supplies are handled through this agency, and the same scheme of accounts will prevail as at other agencies.

#### HALIFAX.

This agency was divided between Halifax and Darmouth across the river. Darmouth section of the agency is now practically discontinued, and the offices which were in the post office building and the Darmouth branch have been brought together at the dock yards in Halifax.

The record of stores has been very clumsily kept at Halifax, and verification of same impossible without an actual count, which in some instances is difficult and tedious. For example, there is an accumulation here of some hundred tons or more of chain, which is merely one item of many. In addition to the one hundred tons of accumulated chain, was another hundred ton of new chain just received and being



## APPENDIX No. 1

disbursed at the time of Mr. Leland's last visit. This one item of chain alone amounts to something like \$14,000.

A cash book and other suitable records of accounting are being installed at Halifax as at other agencies, so that it will be possible to keep the agency accounts up to date. With the old method it has hardly been possible to do this with the present force, and the accounting is several months behind.

## PICTOU.

This is a small agency which, nevertheless, is having our attention in the matter of providing a suitable scheme of accountancy safeguards, sub-agencies at North Sydney and Kenora being similarly treated.

## CHARLOTTETOWN.

Remarks herein previously made with regard to stores and accounts apply equally well to Charlottetown. The accountant in charge here is underpaid; underpaid judging from his worth and from the salary scale of accountants at the other agencies and branches throughout the department.

## VICTORIA.

We have not visited Victoria, but, from the records and samples of forms from that point, are satisfied that they are carrying on an entirely too refined plan of accounts in some particulars, and in other particulars are missing important features of good accounting altogether. It is our plan to go there only after having thoroughly installed the work at other points less remote.

## CHART OF AGENCY ACCOUNTS.

The chart of general accounts, as prepared by us and thoroughly approved by the department's chief accountant, Mr. A. W. Owen, covers the general scheme of accounting which we are installing at agencies and branches, and is hereto appended.

The attention of the department is called to the fact that this work at agencies and branches which we are doing is one of a high order of engineering, having to do, not merely with physical conditions and the proper method of accounts being installed, but as well has to do with the personnel of some fifteen agents and fifty more office people, all having different and more or less conflicting ideas and varying attitudes.

It may further be noted, please, that the work being done is not the elaboration of any present plan merely, but is an entirely new piece of constructive work all the way through.

In the installation of the new scheme of accounting, the point of view has been taken that it is better that employees themselves at each agency and branch do most of the work, for while the period of installation will be somewhat longer, the permanency of the work will be assured.

A result of the new methods of accounting will be that errors will be either clerical or through intent, and if from either cause, particularly the latter, there will be difficulty in satisfying the accounts and in carrying on the system without detection by a proper inspector, who will make regular trips unannounced to each agency, and who will follow a routine as prepared by us in his inspection each time he visits each agency.

A book of printed instructions for agencies and branches, properly indexed, will soon be ready for the printer, and that will give a complete exhibit of how the work is to be carried on in each particular and will make it easy, through the uniformity of the methods for all the agencies, to shift accountants and other office employees from one branch to another with the resulting good to the department which always comes

from being able to change employees from one place to another within the same organization.

Our report No. 46 gives somewhat in detail the procedure in connection with the accounts as shown on the chart appended to this report.

#### STORES.

We wish to point out to you particularly that when we started work for the department at agencies and branches there were no proper stores record of any sort, consequently the stores were without any safeguards whatsoever in the matter of accounting, and at a good many of the agencies there were no physical safeguards, material being stored in yards open to the public and through buildings open to a large number of employees. Moreover, there was no assurance that the materials paid for were received, either as to quantity or quality. In a good many instances the quality of important materials has been noticeably bad, even of materials so important as plates for making steamer renewals and repairs. As to quantity, there is no doubt whatever that the department has paid for materials which were never received.

By the methods which we have provided for safeguarding stores and materials, actual records are required which account for materials received, stored, and disbursed, and further require that materials and supplies received, shall be distributed only in exchange for suitable requisitions, showing the quantity of material or supplies wanted and for what purpose wanted. These requisitions must be signed by the foreman or by some person higher in authority before they will be accepted by the stores clerk. The stores clerk will maintain a record of all stores and materials received, showing the date, quantity and price of such material as it is received in the stores, and, as well, will show the date, order number, quantity and price at which material is distributed in every instance, so that the value and quantity of all materials is accounted for completely.

The result of the new stores system will, if we are permitted to supervise its operation, cause an enormous saving to the department each year in preventing waste and the loss of stores unaccounted for.

#### STEAMERS.

The accountancy scheme aboard steamers, and accounts as kept on the wharves, are crude, and not in accordance with recognized good steamship practice, and in this whole matter of steamer operation there is opportunity for economy, which in the aggregate can amount to a considerable sum each year. Proper meal tickets should be issued and accounted for, and suitable safeguards placed around the service of meals, and other passenger and merchandise revenue.

The practice of 'Receiving' more material and supplies than come on board is bad and can be done away with by making proper arrangements, and providing suitable accountancy schemes, which will be a logical extension of our work in connection with agencies and branches.

7-8 EDWARD VII.

APPENDIX No. 1

A. 1908

# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO

### PAYMENTS IN CONNECTION WITH TIMBER AGENCIES AT EDMONTON AND CALGARY

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John Sun, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
OTTAWA, THURSDAY, March 5, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. Clarke, presiding.

The Committee proceeded to the consideration of two payments of \$1,069.42 and \$1,174.10 to the Department of the Interior in connection with the timber agencies at Edmonton and Calgary, respectively, by Perkins, Fraser & Gibson, as set out at page L-98 of the report of the Auditor General for the fiscal year ended March 31, 1907.

Mr. R. H. CAMPBELL, called, sworn and examined.

*By Mr. Ames:*

Q. Your full name and residence?—A. Robert Henry Campbell,, Ottawa.

Q. Your occupation?—A. Civil servant.

Q. In what department?—A. Department of the Interior.

Q. In respect to what particular branch of the Department of the Interior?—A. The Forestry Branch.

Q. How long have you been in the employ of the Department of the Interior?—A. About twenty years.

Q. In what particular branches have you had experience during that time?—A. In the Lands Patent Branch, the Secretary's Branch, the Timber and Mines Branch and the Forestry Branch.

Q. How long were you connected with the Timber and Mines Branch and during what time?—A. It was about the beginning of November, 1905, that I was appointed in charge of the Timber and Mines Branch; previous to that I was in that branch but had only charge of the work relating to grazing?

Q. You were connected with the Timber and Mines Branch prior to 1905 for some years?—A. Yes, for some years.

Q. Who was in charge of the timber and Mines Branch prior to you?—A. Mr. G. U. Ryley.

Q. Now, Mr. Campbell, will you turn to the Auditor General's report, L-98, 1906-7, and you will find an item there under 'Calgary,' in the fourth line, this is the Auditor General's report to the 31st March, 1907, 'Perkins, Fraser & Gibson, \$1,174.10'?—A. Yes.

Q. I understand that, at the request of this committee, Mr. Côté recently submitted a statement showing how that sum was made up, will you kindly give the details of that amount?—A. There was \$510.48 paid on account of timber berth No. 1118, the sum of \$102.09 paid on account of timber berth 1119, the sum of \$561.53 paid on account of timber berth No. 1122.

Q. Now, will you look a little further, and you will find under 'Edmonton' the item 'Perkins, Fraser & Gibson, \$1,069.42': will you kindly give us the same detail in respect to that item?—A. The sum of \$603.64 was paid on account of timber berth No. 1031, the sum of \$12.76 was paid on account of timber berth No. 1052, the sum of \$12.84 was paid on account of timber berth No. 1058, the sum of \$26.80 was paid on account of timber berth No. 1068, the sum of \$102.09 was paid on account of timber berth No. 1097, and the sum of \$311.29 was paid on account of timber berth No. 1098.

Q. The whole forming the total given in the Auditor General's report, \$1,069.42?

—A. Yes.

Q. Now, will you look at 'Prince Albert,' in the next column on the same page of the Auditor General's report, 'Perkins, Fraser & Gibson, \$357.34,' and tell me what the total of that item is?—A. A payment on account of timber berth No. 1108.

Q. Will you turn to 'Winnipeg,' just below, and you will see, 'Perkins, Fraser & Gibson, \$10,390.' Will you give me the items of that, please?—A. A payment of \$5,195 on account of timber berth No. 1281; and a payment of \$5,195 on account of timber berth No. 1282.

Q. That makes up \$10,390?—A. That makes up the \$10,390.

Q. Now, I suppose, Mr. Campbell, these payments are made in accordance with the leases that have been passed between the government and the present lessee of those timber limits, are they not?—A. Yes, they are paid in connection with timber licenses wholly—of course those last two items were bonuses.

Q. And the other items were rent. I think?—A. They are all rents, the other items.

Q. All rentals paid by the owners or the holders, or their agents?—A. Yes.

Q. On account of the limits you have mentioned?—A. Yes.

Q. Now, we will take this first item that appears under Edmonton, \$1,069.42, will you turn to that again, I believe you said the first one on that list was timber berth No. 1,031, will you kindly produce the lease which is at present in force under which that rental was paid? You might, at the same time, pick out the lease for No. 1122?—A. For 1122?

Q. Yes, you might as well take the two together while you are going through the papers?—A. I do not think I have it here. I will have to send for that.

Q. You had better do so, I think No. 1122 is covered by the item of \$1,174.10 and you might send for that, in the meantime you might go on and give me No. 1031—you have sent for No. 1122, have you?—A. I will call for a messenger now.

Q. Now, taking up then that No. 1031, which I understand is covered by this item of \$1,069.42, who is that lease between?—A. Between the Hon. Frank Oliver, Minister of the Interior, representing the Crown, and the Imperial Pulp Company, Limited.

Q. The Imperial Pulp Company, and that is signed by whom?—A. By D. H. McMillan, president, and R. R. Pattinson, secretary.

Q. With their seal?—A. Yes, with the seal of the company.

Q. How many miles does that lease cover?—A. 118½ square miles.

Q. Roughly speaking where are the limits referred to located?—A. Lying between Rocky Mountain House and Wolf River, Province of Alberta.

Q. On the North Saskatchewan River?—A. Yes.

Q. Above Edmonton?—A. Yes.

Q. For how long is that lease?—A. It is for one year, found renewable as long as merchantable timber is found upon the land.

Q. For one year, renewable, as long as there is merchantable timber. What are the dates that the present lease covers?—A. From the first of May, 1907, to the 30th day of April, 1908.

Q. What are the terms and conditions that are contained in that lease based upon?—A. They are based upon the regulations passed by order in council.

Q. Are they based upon a previous lease?—A. Yes, they are following the terms of a previous lease but a new license was issued each year.

Q. Then that follows the terms of a previous lease?—A. It follows them except where a change is made by a particular regulation.

Q. Will you turn up the previous lease?

Mr. MACLEAN (Lunenburg).—Is there a new lease actually executed each year?

Mr. AMES.—Yes, apparently so, but each lease declares that it is renewable as long as there is merchantable timber thereon.

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*By Mr. Macdonald (Pictou):*

Q. Was that lease which you have just referred to, Mr. Campbell, which expires in April, 1908, the one under which this rental was paid that you have spoken of?—A. I think that it was paid previous to that (after consulting the papers). It was paid under the previous one.

Q. The 1906 lease?—A. Yes.

*By Mr. Ames:*

Q. You have found the preceding lease then on which this one was based?—A. Yes.

Q. Is there any difference between the two leases?—A. The only difference, excepting, of course, as to dates, is in regard to clause 2 of the conditions. That is changed in accordance with the change in the regulations.

Q. It was changed in accordance with changes in the regulations?—A. Yes.

Q. Is that in reference to stumpage?—A. It is in regard to changes that may be made in the regulations with respect to rental or dues or any other changes.

Q. Then you claim that you have the right to change the leases from time to time?—A. Yes.

Q. Then one lease is not an exact copy of the previous lease if the regulations have been changed in the meantime, is that what you mean?—A. No. If the regulations have been changed, we issue a new license in accordance with the changes in the regulations.

Q. So you alter the leases from time to time?—A. Yes.

Q. Then the lease you have here is not necessarily exactly similar to the preceding lease?—A. Not necessarily so, no.

Q. Let us see what the differences are. Go back to the next lease prior to the one which we have been discussing and tell us what changes there are there, what period it covers, and so forth?

*By Mr. Macdonald (Pictou):*

Q. Is that lease to which you have just referred, the one under which the payment under discussion was made?—A. I think it was under that lease that the payment was made. I have the previous lease here.

*By Mr. Ames:*

Q. Now give us the date that lease was executed and for what term?—A. The date it was executed? It was executed on 17th May, 1904.

Q. And for what term?—A. First May, 1904, to the 30th April, 1905.

Q. And who was it between?—A. Between the Hon. Clifford Sifton, Minister of the Interior, representing the Crown, and the Imperial Pulp Company.

Q. And signed by?—A. Signed by R. R. Pattinson, secretary.

Q. Only?—A. Only.

Q. Now let us see if the area in that is the same as in the other one? What is the area?—A. 118½ square miles.

Q. Same location?—A. Same location.

Q. And is the rental the same?—A. The rental is the same, I think; but I will just verify it (after examining papers). Yes, the rental is the same.

Q. Now, are the conditions the same?—A. Yes, the conditions are the same.

Q. Go back to the next lease prior to that, the one which preceded that, and tell us the date on which it was signed, the term it covered, and who signed it?—A. It was executed on the 20th February, 1904.

Q. And covered what period?—A. From 1st May, 1903, to 30th April, 1904.

Q. Signed between whom?—A. Between the Hon. Clifford Sifton, Minister of the Interior, representing the Crown, and the Imperial Pulp Company, R. R. Pattinson, secretary.



- Q. For what area of property?—A. 118½ square miles.  
 Q. Located in the same locality?—A. Yes.  
 Q. In how many blocks?—A. Eleven blocks.  
 Q. At what rate per mile or per acre?—A. Do you mean is the rental?  
 Q. Yes?—A. Five dollars per square mile.

*By Mr. Maclean (Lunenburg):*

- Q. That was the same in all of them, was it?—A. Yes.

*By Mr. Ames:*

- Q. That is what we are trying to find out. Now, go back to the next one before that?—A. I just want to make sure.

- Q. The conditions are the same, you say, as in the previous one, as in the one read before?—A. Yes, the conditions are the same.

- Q. Well now, go back to the next one?—A. That appears to have been the first one issued.

- Q. On what date was that lease issued?—A. 20th February.

- Q. I think there was one prior to that. What period does the lease of 20th February, 1904, cover?—A. From the 1st May to the 30th April, 1904.

- Q. Is there not a lease for a part of the year prior to that?—A. No, I think not.

- Q. You think then that this is the first lease?—A. The usual practice of the department when there was only a small portion of a year left was not to issue a license for that part of the year but to issue a new one for a complete year.

- Q. Now you have the first lease in your hands. You regard that first lease as a contract or agreement between the two parties, the government and the lessee of the timber berth, do you not?—A. Yes.

*By Mr. Macdonald (Pictou):*

- Q. Is there any material difference in the terms of any of these leases as regards the rental to be paid?—A. As to the amount do you mean?

- Q. Yes, as to the rental?—A. No.

- Q. No difference?—A. No.

- Q. It remained the same from the inception of the original lease down to the present time?—A. Yes.

- Q. Down to the date of the last lease?—A. Yes.

*By Mr. Ames:*

- Q. The two parties to that contract, then, were the government and the lessee. You might keep the lease under your hand. That, I suppose, embodies the conditions of an offer on the part of the government and an acceptance on the part of the lessee?

*By Mr. Macdonald (Pictou):*

- Q. That is a question of law in regard to which the lease would have to speak for itself if it were put in.

- MR. AMES.—Well, we will put the lease in as evidence. My contention is, and I think no one will dispute it, that the lease represents an offer made by the government and the acceptance by the lessee.

- Q. Now, if that lease represents the agreement between the two parties, what was the government's offer which is embodied in that lease? The government, I suppose, put that berth up to public competition, did they not?—A. Yes.

- Q. And the terms under which the government put that berth up to public competition will, I suppose, be found in the advertisement?

- MR. MACDONALD (Pictou).—Are we to understand that this lease is at present before the committee and has been formally put in or a copy of it?

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Mr. AMES.—We will put in the original, if you like.

Mr. MACDONALD (Pictou).—The original, I suppose, Mr. Campbell wants to take back to the department. If the lease were put in, it would speak for itself.

The CHAIRMAN.—That is right. Which lease do you want put in?

Hon. Mr. FOSTER.—The first one, from 1903 to 1904.

The CHAIRMAN.—Very well, we will make a copy of that.

Q. Will you, Mr. Campbell, kindly take cognizance of this return, Sessional Paper No. 39, brought down on Monday, 12th March, 1906, and will you kindly look at that advertisement and tell me whether that, to the best of your knowledge and belief, is the advertisement? (Return handed to witness.)

Mr. MACDONALD objected that Mr. Ames in his examination was going beyond the reference to the committee, that the question before the committee was the payment of \$1,069.42 in the fiscal year ending 31st March, 1907, under a lease made in the previous year, and that the contents of a tender made in 1902-3 was not a matter for investigation under this reference.

The CHAIRMAN.—Take this view of it: suppose the basis of this lease was something that happened in 1903, say the advertising, calling for tenders, would it not be open to the committee to go into that, as being connected with this matter?

Mr. MACDONALD (Pictou).—Well, there is a new lease every year.

The CHAIRMAN.—All based upon one advertisement issued years back, the others being renewals from year to year.

Mr. MACDONALD (Pictou).—The point in regard to this matter is simply and solely whether the payment is a correct payment, that is all. That is all we are here to consider. Of course, if there was any reference to this committee to investigate the question of timber berths, going back to 1904, 1903 or 1902, as the case may be, any special reference, that is all right.

The CHAIRMAN.—I do not think the payments of the former years would be admissible.

Mr. MACDONALD (Pictou).—Certainly not.

The CHAIRMAN.—Whatever bears upon this subject, although it may have happened in former years, would be admissible.

Mr. MACDONALD (Pictou) agreed that that would be so, if there was any matter that bore upon the subject before the committee, but he argued that it was not the duty of the committee to regulate, or to try the accuracy of these leases, except in so far as the payment was concerned. The question then would be whether the payment was a correct one or not. If the inquiry could be extended as far back as 1902, it could also be made to comprehend the year 1890 in regard to any timber limits leased from the Crown, payment under which was made in 1906.

The CHAIRMAN.—According to your argument, all that we can investigate is whether the amount paid was the amount to be payable under that lease?

Mr. MACDONALD (Pictou).—That is all that is before this committee.

Mr. AMES.—Put it in another way. We very frequently investigate transactions connected with purchases, and, when such is the case, we always go back to the origin of the transaction. Do you mean to tell me that if goods are purchased, say on 2nd July, 1905, and all the documents relating to that purchase were prior to the end of the fiscal year which is covered by the Auditor General's report, that we would not be allowed to examine any of these documents? Why, certainly not. It is always understood, when we are dealing with money transactions, that we can go back to the genesis of the transaction in order to find out whether the prices we are presently paying are correct and proper prices.

The CHAIRMAN.—These leases may be wrong.

Mr. AMES.—Yes, the leases may be wrong. How do we know that any one lease is the same as that which is referred to in the advertisement? I will go on with my examination.

Mr. PARDEE.—Are you now holding or ruling, because if so, I think it would be well to come to an understanding right here, that although any man may give notice of investigating a certain item in this committee, and a witness is summoned for the purpose of investigating that very item, that this committee may go back as far as it sees fit in order to inquire into something that has nothing to do with the particular item under discussion? Because that is what it practically comes down to. We are here to investigate an item of \$1,069.42. Surely, then, that item alone is all that this committee has power to investigate.

The CHAIRMAN.—I will be very glad if the committee would lay down some rule. Of course, in England the practice is restricted a great deal. All you can do there, apparently, is to show that the money has been paid out for the purpose for which it was appropriated. But the practice has never been confined to that here.

Mr. MACDONALD (Pictou).—What do you rule?

The CHAIRMAN.—Suppose that the tender upon which this lease was based was made in the same year. We could surely investigate the tender or the advertisement, and if it can be done in one year, I think we can go back to other years.

Mr. AMES.—I understand you to rule in our favour so far as the question now relates to the advertisement. Then I would ask the witness to read the advertisement which embodies the Government's offer so far as the contract is concerned.

The WITNESS (reads):

'TENDERS FOR LICENSES TO CUT TIMBER ON TIMBER LANDS IN THE DISTRICT OF ALBERTA.

'Sealed tenders addressed to the undersigned, and marked on the envelope "Tender for Timber Berth No. 1031," to be opened on the 31st of December, 1902, will be received at this department until noon on Wednesday, the 31st December next, for a license to cut timber on Berth No. 1,031, situate in the District of Alberta on the North Saskatchewan river, containing an area of 118½ square miles, more or less, divided into eleven blocks, lying between Rocky Mountain House and Wolf river, as shown on the sketch thereof which may be seen at the office of the Crown Timber Agent at Edmonton or at the Timber and Mines Office at Ottawa. A sketch will be furnished showing the position of the berth on application to this department.

'The regulations under which a license will be issued, also printed form of tender and envelope, may be obtained at this department or at the office of the Crown Timber Agent at Edmonton. Each tender must be accompanied by an accepted cheque on a chartered bank in favour of the Deputy Minister of the Interior, for the amount of the bonus which the applicant is prepared to pay for a license.

'No tender by telegraph will be entertained.

(Sgd.) 'PERLEY G. KEYES.'

By Mr. Ames:

Mr. Campbell, as a result of that advertisement, what happened?—A. There were several tenders received.

Q. Will you kindly take cognizance of that return, which is the return brought down to the House on the 12th March, 1906, Sessional Paper No. 39, and see whether the item given there corresponds with the advertisement—will you kindly read that item—

Mr. MACDONALD (Pictou).—Do you rule that in order, Mr. Chairman?

The CHAIRMAN.—I do not suppose you will be justified in going into the other tenders.

Mr. AMES.—We will see that, Mr. Chairman, presently; one step at a time. For the present, I want to have this item read. It is the return which was brought down to the House, and is public property.—A. (Reads):

'Timber Berth No. 1030; name of grantee, the Imperial Pulp Co.; address of grantee, Toronto, Ont.; name of applicant, Foulger & Rowley; names of tenderers, Imperial Pulp Company \$31,575. H. and K. McDonald \$31,161, Jas. Ross \$17,010.75, Theo. A. Burrows, \$6,057, A. G. Bonne \$3,540, North West Lumber Co. \$2,554.'



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Q. As a matter of fact, to whom was the berth awarded?—A. To the Imperial Pulp Company.

Q. On what terms and conditions?—A. On the terms and conditions as fixed in the regulations.

Q. And their offer?—A. And their offer.

Q. Will you kindly read their offer?

Mr. MACDONALD (Pictou).—I renew my objection, Mr. Chairman; it is hardly fair. In dealing with this question, Mr. Ames intimated what the object of his examination was, and you ruled accordingly. I understood that he stated to the committee he was going back for the purpose of testing the correctness of the amount paid under this lease. That is the only thing for which he could go back, because it is the only thing which would test the question whether it is the correct amount or not. According to your ruling, I think you ought to limit him to the proper line of questioning.

Mr. AMES.—The lease is made up of three things: the offer on the part of the government, the offer on the part of the person with whom the lease was made, and the regulations. Now, we have already put in evidence the offer on the part of the government—

The CHAIRMAN.—That is the advertisement?

Mr. AMES.—Yes; we have already obtained from Mr. Campbell considerable information about the regulations, which is the third ingredient of that lease, and we want to see whether they are all incorporated in that lease, and whether it is correct, and we want to find whether the highest tenderer is the one who got the contract.

Mr. MACLEAN (Lunenburg).—Is that pertinent, after all, to the inquiry?

The CHAIRMAN.—Is not that in the same class as the advertisement?

Mr. MACLEAN (Lunenburg).—The offer?

The CHAIRMAN.—The advertisement, the offer and the lease.

*By Mr. Ames:*

Q. Now, Mr. Campbell, will you kindly read—you have the original offer of the Imperial Pulp Company there, I understand—will you kindly produce that original offer?—A. I haven't got it, it was taken to the House.

Q. (Handing envelope to witness) Will you kindly open that envelope and turn up the original offer of the Imperial Pulp Company and read it?—A. (Reads):

‘TORONTO, Dec. 29th, 1902.

‘To the Secretary,

‘Dept. of the Interior,

‘Ottawa.

‘Sir,—Enclosed please find tender for timber berth 1031.

‘Yours truly,

‘IMPERIAL PULP CO.,

‘Toronto.’

*By Hon. Mr. Foster:*

Q. Per anybody?

*By Mr. Ames:*

Q. ‘Imperial Pulp Co.’ how is the signature ‘Imperial Pulp Co.’?—A. Typewritten.

Q. It is not per anybody?—A. No.

Q. Do you find an endorsement on the side, ‘Reed. 2 cheques for \$17,575 & \$14,000 respectively’?—A. Yes.

Q. ‘P.R. for Acct.’—A. Yes.

Q. What else is on it?—A. The initials of ‘J.G.T.’

Q. Yes, and what else?—A. The stamp, date of the receipt in the department, that it was received in the Timber and Mines Branch of the department, and there is a stamp also, showing that it was copied for the return to parliament.

Q. Is any amount stated in the letter?—A. No.

Q. There is no amount stated in the letter?—A. No.

Q. Then, if no amount was stated, would you consider the cheques as part of the tender?—A. Yes.

Q. As a part of the tender. Who is 'P.R. for Acct.'?—A. Peter Robinson.

*By Mr. Maclean (Lunenburg):*

Q. That tender of the Imperial Pulp Company was accepted, wasn't it, and the lease was based upon that?—A. Yes.

Mr. MACLEAN (Lunenburg).—Mr. Chairman, I do not think there should be any extended inquiry about the tenders beyond that point. Mr. Ames has got all that he asked for.

Hon. Mr. FOSTER.—Let him ask for something more.

*By Mr. Ames:*

Q. You have the envelopes that these tenders came in?—A. I think it is on the file here.

Q. Would you turn up the envelope that this tender came in?

The CHAIRMAN.—I do not suppose you can go into the question of the different tenders, can you, here?

Mr. MACDONALD (Pictou).—Has this any reference to the question before the committee? I would like to ask whether the envelope it came in has anything whatever to do with the question now before the committee, the question that has been referred to this committee by the House, whether the amount paid was correct. My friend, Mr. Ames, started out in a very guileless way to say what he wanted to prove, whether this amount was correct or not in accordance with the lease. In the goodness of your heart, Mr. Chairman, you allowed him to go outside the reference, and to deal with other matters that have nothing at all to do with it. I submit that the question as to what kind of envelope the offer was contained in, whether it was in blue ink or red ink, whether it was open or not, anything of that kind, has nothing whatever to do with the account of 1906.

Mr. AMES.—I think that the envelope has an important bearing upon the case, it was only the covering of the tender.

Mr. MACLEAN (Lunenburg).—If Mr. Ames was speaking by the book a few moments ago, he has obtained all the information he desired: he stated that he desired to see whether the last lease was based upon the first lease that was issued. Now he has got that information, he wants to go beyond that and wants to ascertain whether there was any impropriety in the manner of awarding the lease originally.

Mr. AMES.—Does not that affect the payment of the money?

Mr. MACLEAN (Lunenburg).—Not at all.

Mr. BRISTOL.—If there was any impropriety, this would not be a correct payment.

Mr. MACLEAN (Lunenburg).—Mr. Ames said a few moments ago that the question he wished to inquire about was this lease, and the committee permitted him to go back to the original lease, and even beyond that, to the tender, to the letter and the offer which was accepted, which was also read. That offer was the basis of the original lease, and I submit that he has now everything that he has the right to ask for in this investigation.

The CHAIRMAN.—Well, if there is an irregularity in receiving the tender, I suppose we might look into that.

Mr. MACLEAN (Lunenburg).—If Mr. Ames wishes to take up another line of investigation and means to assert that there was any improper conduct on the part of the officials, that there was anything dishonest in the awarding of this contract and that all the tenderers had not received fair treatment, parliament has already decided that that is a matter upon which he should make a charge, and that that should be referred to a special committee. This committee is not charged with any such duty, and Mr. Ames, or any other person can give no authority for this committee dealing

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with such questions. I submit we ought to have a ruling upon that here and now; it surely is no matter for this committee.

Mr. BENNETT.—Don't you recollect, Mr. Chairman, that you ruled a few days ago, in the case of the dredging company, that the envelopes could be looked at?

The CHAIRMAN.—I think the envelope is a part of the tender.

*By Mr. Ames:*

Q. Now, are there any marks at all on the envelope of the tender for Berth No. 1031?—A. I will just say in regard to this envelope, that it is under the tender that was handed in by the Imperial Pulp Company, and that is the only means I have of identifying it. I know nothing further than that about it. It may be the tender of the Imperial Pulp Company, but that is the only evidence I have.

Q. It is in the place where the envelope containing the tender of the Imperial Pulp Company ought to be, immediately below the tender?—A. Yes.

Q. What does the envelope say?—A. (Reads): 'Tender for Timber Berth 1031. To the Secretary of the Department of Interior, Ottawa.'

Q. Now the stamp?—A. Do you mean the post office stamp?

Q. Yes, read whatever marks and stamps there are on the envelope?—A. The post office stamp is not complete.

Q. It is partly torn?—A. Partly torn. (Reads): 'Ottawa.'

Q. Now examine the other end of the envelope, under your little finger, is there anything there?—A. There is.

Q. What is there?—A. There is apparently an initial here an '11.15 a.m., 31. 12. 1902.'

Q. And written by whom? Whose handwriting is it? It is in pencil, is it?—A. No, it is in red ink.

Q. It is customary in the department to bid on a printed form, is it not?—A. Well, we supply a printed form.

*By Mr. Macdonald (Pictou):*

Q. By request, I presume?—A. By request.

*By Mr. Ames:*

Q. And the greater portion of your tenders come in on a printed form?—A. Well, I think probably the greater portion do, but I would not like to say absolutely.

Q. Will you kindly turn to one of these printed forms and put on record the way in which the printed form is drawn up?—A. I have a copy here.

*By Mr. Maclean (Lunenburg):*

Q. Just hand it to the reporter?—A. I have not a copy here except what is on the file.

The CHAIRMAN.—You had better read the printed form as if it were in blank:

WITNESS (reads):

*'Form No. 94.*

.....  
.....190

'SIR,

'I hereby offer a bonus of.....dollars  
'for a timber berth No....., comprising an area of.....  
'square miles.'

Mr. MACDONALD (Pictou).—What relevancy has this to the payment of 1900, Mr. Chairman?

The CHAIRMAN.—The witness is just putting in a blank form of tender. I don't suppose it makes much difference one way or the other, but I am rather curious to see what the form is.



WITNESS (reads):

'Form No. 94.

.....190

'SIR,

'I hereby offer a bonus of.....dollars  
'for a timber berth No.....comprising an area of.....  
.....square miles, situated  
.....  
.....  
.....  
for which public competition is being invited, and I enclose an accepted cheque on  
'the Bank of.....for.....dollars,  
'being the amount of said bonus.

'I undertake to comply with all the conditions of the Timber Regulations.

'I have the honour to be,

'Sir,

'Your obedient servant,

'The Secretary of the

'Department of the Interior,

'Ottawa.'

Mr. AMES.—Now, Mr. Campbell, we will drop this for a moment unless some of the other gentlemen want to discuss this question. I want to go on with one or two other leases, and I do not suppose the Chairman will rule that it is necessary to take the whole series of preliminary steps in the case of each of the other leases. I want to go right now to the original tenders and advertisement.

Mr. MACDONALD (Pictou).—For what purpose?

Mr. AMES.—The same purpose.

Hon. Mr. FOSTER.—The chairman has already ruled on it.

Mr. MACDONALD (Pictou).—I would like to know what the point is?

Mr. AMES.—It is the same purpose.

Mr. MACDONALD (Pictou).—What purpose?

Mr. AMES.—It is already established.

Mr. MACDONALD (Pictou).—Not at all. Mr. Ames said he was going into this matter for a certain purpose and the purpose stated was not his purpose at all. Another gentleman disclosed it. If it had been stated at first I am quite certain the chairman would have ruled it out. I would like to know if Mr. Ames will state to the committee why he asks us to take up time dealing with events in 1902 which ought to have formed the subject of an examination in that year?

Mr. AMES.—I do not think it is necessary to give any reasons seeing that this is an accomplished fact. We have had a ruling from the chairman upon the reading of the advertisement and tenders in connection with Timber Berth No. 1,031. Now if you desire it I will go through exactly the same procedure in the other cases but if the committee will dispense with that tedious process I will simply come to the original tenders and advertisement at once.

Mr. MACLEAN (Lunenburg).—Are you taking up a new lease?

Mr. AMES.—I am taking up a new lease covered by the same item in the Auditor General's Report.

Mr. MACDONALD (Pictou), raised objection to this procedure on the part of Mr. Ames. In the case of the former lease Mr. Ames had stated that he was making the investigation for the purpose of showing some informality or incorrectness of the original description of this land and the original amount paid. It had been shown, how-

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ever, that the amount paid in 1906 for Timber Berth No. 1,031 was absolutely correct and that there was no such incorrectness as stated by Mr. Ames.

Mr. MACLEAN (Lunenburg) supported the objection, arguing that all the papers in connection with the applications for a license, and the awarding of tenders, had been on the table of the House for the past three weeks. Every word of evidence that had been given that morning was a matter of public record before.

The CHAIRMAN.—It is not before this committee.

Mr. AMES.—May I go on, Mr. Chairman, with one or two other leases?

The CHAIRMAN.—Unless I lay down the rule that we cannot go behind the leases at all it seems to me that this evidence is as admissible now as at any other time. The matter is one which relates to this year's receipts as much as it did to the receipts of 1904.

Mr. MACDONALD (Pictou).—Why go behind the leases?

The CHAIRMAN.—The public is interested in seeing how contracts are given. That is one object of this committee.

Mr. MACDONALD (Pictou).—The question is whether there should be proper procedure and a proper reference to this committee. That is the only difference between you and me, Mr. Chairman. When a matter becomes one of public interest the question is as to how it is to be dealt with. Whether it is within the reference.

The CHAIRMAN.—Well, it is so far.

Mr. AMES.—Well, I will take another one. You will find the item of \$1,174.10 under the heading of 'Calgary' on the fourth line from the top of the page (L-98). Mr. Campbell has told us that covers No. 1118, 1119, and 1122. We will take up lease No. 1122 for a few minutes.

Mr. MACLEAN (Lunenburg).—I would like to ask a few questions before passing on from 1031.

*By Mr. Maclean (Lunenburg):*

Q. Does it ever happen that tenders are received on forms other than the printed forms supplied by the department?—A. Oh yes.

Q. That is a matter of common occurrence?—A. Oh yes.

*By Mr. Johnston:*

Q. There is no regulation against it?—A. Oh no.

*By Mr. Macdonald (Pictou):*

Q. Mr. Campbell, referring to that lease No. 1031, that was made in the beginning of 1903, was it not?—A. Yes, it ran from the beginning of 1903, yes, May 1903 (after referring to document).

Q. May, 1903?

Mr. BRISTOL.—From May, 1903, to the end of April, 1904.

*By Mr. Macdonald (Pictou):*

Q. Yes, and were the same regulations in force in 1903 that existed in 1904 and 1905?—A. Yes, practically the same.

Q. That was the first change made in the regulations which required to be incorporated in that particular lease?—A. In 1906, I think it was.

Q. In 1906 there were certain changes made in the regulations?—A. Yes.

Q. Which required that there should be some new clauses put in the lease issued that year?—A. The year following.

Q. That is the next current year?—A. Yes.

Q. Do you remember what that change in the regulations was?—A. A change in regard to declaring that the renewal of the license was subject to changes in reference to the rentals, and changes in the regulations.

*By Mr. Bristol:*

Q. What was that again?—A. It was declared that the renewal of the license was subject to any changes that had been made in the regulations, or the dues or rentals.

*By Mr. Macdonald (Pictou):*

Q. That is from time to time?—A. Yes.

Q. What was the next change in the regulations?—A. There has not been a material change in the regulations until the end of last year.

Q. At the end of the last year, 1907.—A. Then there was a complete change in the regulations.

Q. There was a complete change made in the regulations in that year?—A. Yes.

Q. What was the general character of that?—A. Well, the general character of that change was laying down the rule that the timber berths were to be surveyed and valued by the cruiser of the department before being put up to competition, and then that they could be disposed of by public auction.

*By Hon. Mr. Foster:*

Q. That is in the sale of berths for the future?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. Before any berth would be put up for tender that the surveyor or cruiser, acting for the department, would make a survey and cruise over that particular berth which had been applied for and report to the department upon it?—A. Yes.

Q. And that when the berths were put up they should be put up at public auction?—A. Yes, and at an upset price.

Q. An upset price was to be fixed?—A. Yes.

Q. How long previously had you been in the department?—A. About twenty years.

Q. Had this condition requiring a preliminary survey by the department ever been attached to the letting of timber berths before?—A. No.

Q. Never in the history of the department, that you are aware of, had it been done?—A. Of course, the intention of the department, I think, at one time, was that it should be done, but it was never done.

Q. It was never done?—A. No.

Q. And during the twenty years previous to 1897, when you were in the department, the practice in regard to the preliminary inquiries—or rather there was no practice you might say, it was merely nominal—but the practice from 1900 to 1906 was the same that had existed previously?—A. Yes.

*By Hon. Mr. Foster:*

Q. Might I ask the date of these latter regulations?—A. The 19th December, 1907.

Q. The hon. member will perceive that he objected to going back, a few moments ago, and now he is getting out of the range of this committee by going forward a year.

Mr. MACDONALD (Pictou).—Oh no, but my friend Mr. Foster seems to deem it a matter of sufficient importance to remark upon it. I have made one or two cursory remarks which is a very dangerous thing to do, because I have been pilloried elsewhere.

*By Mr. Macdonald (Pictou):*

Q. Now, Mr. Campbell, do I understand you to say that the department has any official form of tender which the applicant for a timber berth, or anything else that is to be disposed of, must conform to?—A. Not in connection with timber berths.

Q. You have never had any official form?—A. None that must be conformed to.

Q. Certainly not, and I assume that your experience in the department is that offers which substantially bore on the face the intention of the party, or that docu-



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ments which bore on the face the intentions of the party to offer a particular sum of money for anything like timber berths was regarded as a tender?—A. Yes.

Q. The substantial thing being to ascertain what the party outside was offering the department for that particular thing?—A. Yes.

Q. And not to pay any attention to the dotting of the i's or the crossing of the t's of the particular document?—A. There was no form in which it must be made.

Q. I suppose you will regard it as a correct practice, substantially?—A. Yes.

Q. Do I understand Mr. Campbell, that in regard to this particular lease, No. 1031, you have looked over the papers, have you not?—A. Well, I have looked over them—not very closely.

Q. Have you been able to discover anything incorrect in the amount of money that was received in 1906 by way of rental for the property that was covered by that license?—A. No.

Q. You say you regard it as a correct payment, and in conformity with all the documents on which that detail is based?—A. Yes.

Q. You do?—A. Of course, I haven't gone particularly into that item, or very carefully, but the bookkeeper can probably tell you about these details better than I can.

Q. You have looked over it to-day in response to the examination before the committee?—A. Yes.

Q. Do you find there has been any amount too little paid?—A. No.

Q. Or that there is any incorrectness in the description of the land contained in that document?—A. No.

Q. There is none whatever?—A. None.

Q. And you say that item, the particular item is \$603.64, which was paid on timber berth No. 1031 is a correct payment in all respects so far as the property covered under that lease is concerned?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. The description as to the quantity in the original lease reads '11½ square miles more or less,' would there be any excess? Is it possible for there to be an excess? It often happens?—A. Well, it might be in the survey that there may be a fraction over, something like that.

Q. But it would not be very large?—A. No, it would not, if it was not anything that was really of any consequence it might be allowed to stand.

Mr. AMES.—If I have your permission, Mr. Chairman, I will dispense with the preliminaries and proceed to the next lease.

The CHAIRMAN.—I would like to understand about the last license. It is not to confer the right to cut until the return of the survey made under the authority of the surveyor general.

Mr. AMES.—That takes four or five years to come in. They pay rental the moment they get the berth awarded to them.

*By the Chairman:*

Q. If it is shown by the survey that there are more than 11½ square miles would the lessee pay ground rent on the excess?—A. He would not allow them the excess unless it was an immaterial excess.

Q. But on the \$5 ground rent?—A. Yes, they would have to pay excess.

*By Mr. Ames:*

Q. You have the file for No. 1122?—A. Yes.

Q. Berth No. 1122 is covered by the item \$1,174.10 in L—98 of the Auditor General's report for the nine months ending 31st March, 1907?—A. Yes.

Mr. MACDONALD (Pictou).—Is my friend, Mr. Ames, alleging that in the case of berth No. 1,122 there is any incorrect receipt by the government or that a less amount was paid than ought to have been paid in 1906.

Mr. AMES.—I am asking for similar information.

Mr. MACDONALD (Pictou).—Why are you going behind the account in 1906?

Mr. AMES.—For the purpose of obtaining information in the public interest and on my reputation as a member of parliament.

Mr. MACDONALD (Pictou).—For nothing else, is it?

Mr. AMES.—In the public interest, I think that is sufficient.

Mr. MACDONALD (Pictou).—I do not want to do anything except what is necessary under a proper observation of the rules. What we want to realize is that at all times, if there are certain things referred to this committee for their consideration, we will most exhaustively and to the fullest extent perform our powers in the public interest. But if there is not referred to this committee certain things and if Mr. Ames is seeking to investigate certain things which under parliamentary practice he has no right to investigate, that is a different matter.

Mr. AMES.—I take it that this is out of order.

Mr. MACDONALD (Pictou).—Excuse me, I am perfectly right in discussing this question.

Mr. AMES.—I want to appeal to the precedent established in a former case.

THE CHAIRMAN.—I then ruled under a certain statement of facts which does not exist now.

Mr. MACDONALD (Pictou).—That is what I am arguing. If Mr. Ames, in the public interest, or for any other reason, and on his responsibility as a member of parliament, desires to investigate anything more in connection with any of these documents prior to what is contained in the last report of the Auditor General, he knows very well how he can have that matter investigated. He knows the procedure which it is open to him to adopt. What I object to on the part of my honourable friends in connection with this matter, and that is all I object to, is this: They are endeavouring to evade the rules of parliament. Instead of taking the course which is open to them, if they think there is anything improper, a course such as has been taken at all times in the history of this and other parliaments, they come to this committee and ask us to deal with things that have never been referred to us and that we have nothing whatever to do with. When we venture to point out to these gentlemen that this committee has proper and defined functions to perform and that we can only perform those duties which parliament has referred to us, they say to us, 'You are endeavouring to interfere with full and free investigation in the public interest, you are obstructing public business. I say that that is not fair. Parliament provides other methods by which that can be done, other methods by which Mr. Ames or any other gentleman who wants a specific investigation into the acts of people performed in years previous to that covered by the report which is now before us can carry out their object. Now my honourable friend a few moments ago said in connection with timber berth No. 1031 that he wanted to go back to the application for a lease because there was an error in the amount that was allotted to this particular berth and he wanted to indicate that this particular lease was incorrect. Upon that ground you, Mr. Chairman, permitted him to go on and I abandoned my objection. It was found that there was no such inaccuracy as was claimed by Mr. Ames and that he did not really mean what he said. Not only was there no inaccuracy, but the honourable gentleman himself did not suggest that there was anything wrong at the time of the inception of this lease. Now the honourable gentleman takes the ground 'I do not want to show that there is anything incorrect in this matter at all but on the particular ground the public interest I want to be allowed to go back to these former years.' If Mr. Ames has anything to submit in the public interest he knows what course is open to him.

Mr. SPROULE.—What would be the proper course for him to take in the event of his having suspicions of that character?

Mr. MACDONALD (Pictou).—My honourable friend is too old a parliamentarian now to know that.

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Mr. SPROULE.—I would simply say that the course we took in 1893 was the proper one. We asked permission to go back as many years as we wanted and that permission was granted at once.

THE CHAIRMAN.—I would think that the committee could go into this matter for the reasons I have already given. I have been thinking a good deal over it and it seems to me what this committee ought to do is allow pretty full latitude in regard to the entering into contracts relating to the items under consideration. If the items were not items of last year, one would not think so but they are last year's items and relate to the contract under which the payment was made.

Mr. AMES.—There is no difference of method between berths 1122 and 1031.

THE CHAIRMAN.—I may be wrong but that is my opinion.

*By Mr. Ames:*

Q. Mr. Campbell will you kindly produce the present lease No. 1122?—A. The present lease is not yet signed.

Q. The present lease is not yet signed?—A. No.

Q. To whom was it made out?—A. To the Imperial Pulp Company.

Q. Will you kindly turn to 12th November, 1907, and you will see an assignment of that lease to the Imperial Pulp Company. That is it was registered with the department on that date. This is necessary, Mr. Chairman, to prove with whom the transaction occurred. The assignment, Mr. Campbell, was registered with the department on 12th November, 1907, but was made on 28th January, 1904. It may be in another place?—A. Yes, it is further back.

Q. Is that right, the assignment was made on the 28th of January, 1904, by whom and to whom?—A. Between Agnus William Fraser, of the city of Ottawa, and the Imperial Pulp Co., Ltd.

Q. And was witnessed before?—A. H. A. Burbidge—no, before J. G. Gibson.

Q. And it was registered with the department?—A. On the 12th of November, 1907.

Q. Now, will you turn to the advertisement?

*By the Chairman:*

Q. That is what, the assignment?—A. The assignment.

*By Mr. Ames:*

Q. Will you turn to the assignment? You will find it in the other file there.—A. Do you wish me to read it?

Q. Yes, 1122, for how many square miles?—A. For 110 square miles.

Q. In how many tracts?—A. Seven different tracts.

Q. Located on the Macleod and Pembina rivers, am I right?—A. Well, yes, the Macleod and Pembina rivers and two creeks.

Q. What is the date when the departmental notice went out?—A. December 15th, 1903.

Q. What is the date on which the tenders were opened?—A. 27th January, 1904.

Q. Will you kindly examine this file and produce the—but just before you do that, however, I want you to turn to the Return and state who the tenderers were in that case, and the amount, that is on berth No. 1122?—A. Do you want the full items here.

Q. Yes.—A. (Reads):

'Timber Berth 1122, name of grantee, A. W. Fraser; address of grantee, Ottawa, Ont.; name of applicant, A. McLean; names of tenderers, A. W. Fraser, \$11,000; K. A. McLeod, \$10,025; J. H. Lamont, \$4,000; K. McDonald, \$1,220.'

Q. Will you turn to the accepted tender, that of A. W. Fraser, and will you read it in full?—A. (Reads):



7-8 EDWARD VII., A. 1908

' OTTAWA, Ont., January 27th, 1904.

' The Secretary,  
' Department of Interior,  
' Ottawa.

' DEAR SIR,—

' I beg to tender for Timber Berth No. 1122. and enclose herewith, \$11,000, bonus on same.

' Yours truly,

' A. W. FRASER.'

Q. Written in Mr. Fraser's own handwriting, on his own paper, isn't it?—A. Apparently so.

Q. Now, look at the margins and tell us about the cheques?—A. 'Cheque \$6,000 and cheque \$5,000.'

Q. Making a total of?—A. \$11,000.

Q. Is it endorsed, that is to say, is it surcharged?—A. P. R. for acct.'

Q. What is the date?—A. 27th January, 1904.

Q. Have you any envelope there?—A. Yes.

Q. What does it say on the envelope?—A. 'Secretary, Department of the Interior, Timber and Mines Branch, Ottawa. Tender Timber Berth 1122.'

Q. What is it surcharged?—A. 'Received 10.45.'

Q. Written in pencil?—A. In pencil, yes.

Q. In whose handwriting?—A. I could not say.

Q. Are there no initials?—A. There are no initials.

Q. Do you know whose cheques they are?—A. No.

Q. Do you know anything about those cheques?—A. No.

Q. Will you turn to a letter a little bit further on. On 29th January, 1904, you will find a letter sent to A. W. Fraser acknowledging the two cheques?—A. Yes.

Q. Do you find some marginal notes there in red ink?—A. Yes.

Q. Most carefully scratched out?—A. There are some that have been scratched out apparently.

Q. It is impossible to decipher them?—A. Yes.

Q. That will do for one, Mr. Chairman, now we will take another one—they are in red ink, the marginal notes. Now we will take another one, berth No. 1058.

*By Mr. Macdonald:*

Q. Just one question in regard to this berth before taking up another. Is there anything, Mr. Campbell, which you have ascertained from a perusal of these papers which would indicate that the amount of \$561.53, rental paid in 1906, was anything but correct?—A. No.

Q. It is all correct?—A. It is correct.

Q. The amount included in these various documents, from the tender down to the lease, the latter lease of the Imperial Pulp Company, is correct?—A. Yes.

Q. And the tender in this case was the highest tender?—A. Yes.

Q. And there was no informality in the details as far as you can see?—A. No.

Q. None whatever?—A. No.

*By Mr. Maclean (Lunenburg):*

Q. These limits were put up for competition at the request of some person, I suppose?—A. Yes.

*By Mr. Ames:*

Q. You have No. 1058 there, have you?

*By the Chairman:*

Q. Which item is that in?

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Mr. AMES.—That 1058 comes under the item 'Perkins, Fraser & Gibson, \$1,069.42, Edmonton, L-98, 1906-7.'

*By Mr. Ames:*

Q. You might just briefly tell us who were the tenderers for that and what the amounts were?—A. From the file or from the return?

Q. Either from the return or from the file. I think you had better take it from the return because it is very muck quicker—for 1058.—A. (Reads).

'Timber berth No. 1058, Name of Grantee, Imperial Pulp Co.; Residence of Grantee, Winnipeg, Man.; Name of Applicant, Crafts & Lee; Tenderers, Imperial Pulp Co., \$500; R. B. Ferguson, \$310; Crafts & Lee, \$350.'

Q. Now, will you turn, please, to the original tender of the Imperial Pulp Co.

*By Mr. Macdonald:*

Q. They were the highest tenderer.

*By Mr. Ames:*

Q. They were the highest tenderer?—A. Yes.

Q. Now will you turn to the Imperial Pulp Company's tender. In the first place it is not on the form of the department?—A. No.

Q. It is on what kind of paper?—A. Blank paper.

Q. Written in typewriting?—A. Well, the letter is written in typewriting.

Q. The number of the limit is in ink, or the amount is in ink—do you see what is in ink?—A. The only things in ink are the initials 'R.R.P.'

Q. It is not entirely in typewriting, that name, Imperial Pulp Co. is not typewritten?—A. I see the name is apparently stamped with the initials, 'R.R.P.' written.

*By Mr. Macdonald:*

Q. 'Per R.R.P.' is it?

*By Mr. Ames:*

Q. Will you read that please?—A. (Reads).

'Box 644 Winnipeg, Man.

April 18, 1903.

'To the Secretary,

Department of the Interior,

Ottawa, Ont.

'Sir,—We hereby enclose tender for yearly license to cut timber on timber berth 1058 being two and one-half square miles on the Brazeau river, and also enclose cheques for bonus for same.

Yours truly,

Per R.R.P.'

Q. The amount is not stated in the letter?—A. No.

Q. Will you turn to the margin and see what the cheques were?—A. Cheques for \$350 and \$150.

Q. Will you turn up the envelope and tell us what it shows? Are Mr. Turriff's initials on it?—A. On this tender?

Q. Yes?—A. I do not see it.

Q. It would be down on the side. Will you turn to the envelope and tell us what it says, not the printed form but the other memorandum?—A. On the side of it.

Q. Yes?—A. Reads): 'Received April 31st, '03, J.G.T.'

Q. In pencil?—A. In pencil.

Q. Any hour stated?—A. There is no hour stated.

Q. You told us a moment ago that the berth was assigned on the 25th January, 1904, by A. W. Fraser to the Imperial Pulp Company. That was the day that Mr. Fraser got the limit then? The bids are dated 27th January, 1904, are they not?—A. Yes.

Q. Will you now read what is the endorsement of the assignment?

*By Mr. Macdonald (Pictou):*

Q. This is berth No. 1058?—A. It was No. 1122 that we looked at the assignment.

Q. There is no assignment here at all?—A. No.

Q. Was the Imperial Pulp Company the highest tenderer for this berth?—A. Yes.

Q. And is there any informality in the lease or in the amount that was payable by way of rental in the year 1906?—A. No.

Q. That amount is correct?—A. Yes.

Q. The amount that is contained here is correct?—A. Yes.

Q. There is no informality in that respect?—A. No.

*By Mr. Ames:*

Q. Where there is no amount stated in the tender you consider the cheques as part of the tender?—A. Yes.

Mr. MACDONALD (Pictou).—In that particular case the letter speaks of enclosing these cheques for the bonus.

Mr. BRISTOL.—It does, but it does not say the amount.

The WITNESS. It says 'I hereby enclose tender also enclose cheques for bonus for same.'

*By Hon. Mr. Foster:*

Q. It does not give the amounts?—A. No.

*By Mr. Ames:*

Q. Now, Mr. Campbell, will you turn to limit 1097, which is included in the item of \$1,069.42, Perkins, Fraser & Gibson, Edmonton office, at page L—98 of the Auditor General's Report for the nine months ended 31st March, 1907. Will you kindly read who were the tenderers in that case and also the amounts??

Mr. MACDONALD (Pictou).—Perhaps we had better ascertain how much rent was paid?

Q. How much rent was paid on 1097?—A. \$102.09.

Q. It covered slightly over 20 miles and is at present under lease?—A. Yes.

Q. The lease is between the government and the Imperial Pulp Company, is it not?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. What is the number of square miles contained in the lease?—A. Twenty square miles.

Q. Is that 20 square miles an absolute amount or is it to be selected from some other land?—A. It is a prescribed tract.

Q. Out of a large tract?—A. Yes.

*By Mr. Ames:*

Q. Now give us the names of the tenderers in that case?—A. Do you want the full statement from the return?

Q. Yes?—A. (Reads): 'Name of grantee, Imperial Pulp Co., Winnipeg, Man.; name of applicant, J. M. Young; name of tenderers, Imperial Pulp Company, \$1,000; H. and K. McDonald and C. G. Frith, \$930; Aylen and Featherstonhaugh, \$500; C. Campbell, \$100.00.

Q. Now kindly the tender of the Imperial Pulp Company for Berth 1097?—A. (reads):



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'THE IMPERIAL PULP CO., LIMITED,

'P. O. Box 644, WINNIPEG, MAN., November 7, 1903.

'The Secretary,

'Department of the Interior,

'Ottawa, Ont.

'SIR,—Enclosed please find tender for Timber Berth No. 1097 and bonus for same \$1,000.

'Yours truly,

(Stamped) 'THE IMPERIAL PULP CO.

'Per R. R. PATTINSON.'

Q. Is it a typewritten letter?—A. A typewritten letter, excepting the amount and the—

Q. Excepting the amount of the bonus?—A. The amount of bonus.

Q. Which is written in ink with a pen?—A. Written with a pen.

Q. How did that bonus come in, was it in the form of an accepted cheque?—A. Cash.

Q. In bills?—A. Well, the endorsement by the accountant is 'Rec'd cash \$1,000.'

*By Mr. Macdonald (Pictou):*

Q. Was that the highest tender for that berth?—A. Yes.

Q. Turn to the envelope in the case of Berth No. 1097 and see what the envelope says. Is there any endorsement on the upper end of the envelope?—A. (Reads): 'Rec'd 11th November, 1903.'

Q. There is no hour specified?—A. No hour specified.

Q. Whose writing is that?—A. I could not say, it is not initialed.

Q. It is written in pencil?—A. No, it is written in ink.

Q. Very well, it is not initialed, you say?—A. Not initialed.

Q. Now, will you take up Berth No. 1098, which is covered by that same payment of \$1,069.42?—A. (Reads): 'Timber Berth No. 1098. Name of grantee, Imperial Pulp Co., Winnipeg, Man.; name of applicant, J. M. Young; names of tenderers, Imperial Pulp Co., \$2,500; H. and K. McDonald and C. G. Frith, \$1,800; Aylen and Featherstonhaugh, \$300.'

Q. In what form is the letter in connection with this berth?—A. The tender of the Imperial Pulp Company?

Q. Yes?—A. It is not here, there is only the copy here.

Q. Well give me the letter as to 1,098 please.

Mr. MACDONALD (Pictou).—Is it of any importance, as regards the correctness of this item, as to whether it was red ink or black ink?

Mr. AMES.—It is an immaterial question.

Mr. MACDONALD (Pictou).—I quite agree with you, the whole thing is immaterial.

THE CHAIRMAN.—I think it is admissible, I don't know whether it is very material or not.

*By Mr. Ames:*

Q. Read the letter of the Imperial Pulp Company?—A. (Reads).

'The Imperial Pulp Co., Limited.

P. O. Box 644.

The Secretary,

Department of the Interior,

Ottawa, Ont.

Winnipeg, Man., November 7th, 1903.

Sir,—Enclosed please find tender for Timber Berth No. 1,098 and bonus for same \$2,500.

Yours truly,

(Stamped) THE IMPERIAL PULP CO.,

Per R. R. Pattinson.'

7-8 EDWARD VII., A. 1908

Q. And how is it surcharged?—A. (reads): 'Rec'd cash \$2,500 per acct. W.'

Q. In that case the money came in cash?—A. Yes.

Q. Now look at the envelope, what do you find endorsed on it?—A. 'Received 11th November, 1903.'

*By Mr. Bristol:*

Q. Did that come through the mail or was it handed in?—A. There is no post office stamp on it, so I presume it was handed in.

Q. The letter is dated 'Winnipeg,' is it not?—A. Yes.

*By Mr. Ames:*

Q. How is it written, in pencil or in ink?—A. In ink.

*By Mr. Lennox:*

Q. Is the \$2,500 written with pen and ink or pencil?—A. It is written in ink.

*By Mr. Bristol:*

Q. And the rest of the letter is typewritten?—A. The rest of the letter is typewritten, yes, the signature is stamped, and signed R. R. Pattinson.

*By Mr. Ames:*

Q. Now, the next is—this is in regard to the payment of \$1,069.42, and in order to show the methods adopted by the Imperial Pulp Company we will take up No. 1052.—A. Do you want it taken from the return?

Q. I want to take up 1052, you have 1052, haven't you?—A. (Reads): 'Timber Berth No. 1052; name of grantee, the Imperial Pulp Co.; address of grantee, Winnipeg, Man.; name of applicant, Crafts & Lee; names of tenderers, Imperial Pulp Co., \$300; John Walter, \$125; Crafts & Lee, \$110.'

Q. The Imperial Pulp Company, how much?—A. \$300.

*By Mr. Macdonald:*

Q. How much land is covered by that application and license, Mr. Campbell?—A. By 1052—two and a half square miles, more or less.

Q. Where is it?—A. On the Brazeau river, in the District of Alberta.

*By Mr. Ames:*

Q. You have there the tender of the Imperial Pulp Company, I think you have the original that has not been taken from the file?—A. Yes.

Q. Will you kindly read it?—A. (Reads):

'WINNIPEG, March 2nd, 1903.

'To the Secretary,

'Department of the Interior,

'Ottawa, Ont.

'SIR,—Enclosed please find tender for Timber Berth No. 1052.

'Yours truly,

'THE IMPERIAL PULP CO.,

'Per R.R.P.'

Q. There is no price mentioned there?—A. No.

Q. What else is there on that tender?—A. (Reads): 'Received cheque \$300, 11.3.03. P.R. for acct.'

Q. And you consider the cheque as part of the tender?—A. Yes.

Mr. AMES.—That is all I have to-day, it is getting near one o'clock, and in closing, I have to say I have taken all the items covered by the payment of \$1,069.42 by Perkins, Fraser & Gibson, L—95, but I have many more items, which I will take up on some future day.

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*By Mr. Macdonald:*

Q. This lease was granted to the highest tenderer?—A. Yes.

Q. Do you find that the rental paid in 1905 was correct?—A. Yes.

Q. There is no question about that?—A. No.

Witness retired.

Committee adjourned.

OTTAWA, FRIDAY, March 6, 1908.

The committee met at 11 o'clock a.m., the Chairman, Mr. Clarke, presiding.

Mr. G. U. RYLEY called, and sworn and examined.

*By Mr. Ames:*

Q. Will you kindly give your full name and address and present occupation?—

A. George Urquhart Ryley, Land Commissioner, Grand Trunk Railway, Montreal.

Q. How long have you been in that position?—A. Two years last October.

Q. What was your position prior to that?—A. I was chief clerk of the Timber and Mines Branch of the Department of the Interior.

Q. On what date did you leave the Timber and Mines Branch?—A. On the 15th October.

Q. What year?—A. 1906.

Q. How long had you been in the employ of the department prior to that?—A. Twenty-four years.

Q. How long had you been connected with the Timber and Mines Branch?—A. Twenty-four years.

Q. What position were you occupying in connection with the Timber and Mines Branch for the last five or six years before you resigned?—A. Chief Clerk.

Q. You were chief clerk?—A. Yes, I was always chief clerk from the beginning, at least I was the head of the branch.

Q. You are familiar with all the methods of the department?—A. Yes.

Q. When tenders were presented what was the customary routine between the years 1900 and 1906?

Mr. MACDONALD (Pictou).—Has this anything to do, Mr. Chairman, with the question of this payment?

Q. I will put the question in another way, it makes no difference to me. You were chief clerk in the department on 31st December, 1902, were you not?—A. Yes.

Q. You were also chief clerk in the department on 2nd January, 1903, were you not?—A. Yes.

Q. Will you take cognizance of this tender of the Imperial Pulp Company for timber berth 1,031 and tell me whether you were chief clerk in the department at the time when it came in?—A. (After examining the tender). Yes.

Q. At that time, Mr. Ryley, what was the custom followed in connection with that particular tender? Have you any recollection of that particular tender?—A. No, I have not.

Q. You have no recollection of that particular tender?—A. No.

Q. If that particular tender followed the regular course what would be the method of its reception and award?

Mr. MACDONALD (Pictou).—The witness has said that he does not recollect what was done with it.



Mr. AMES.—The fact that he does not recollect means that he saw nothing unusual in connection with it.

The WITNESS.—Nothing unusual.

Mr. AMES.—It must then have followed the regular course?

The CHAIRMAN.—That scarcely follows.

Mr. AMES.—I want to know what the regular course of that tender was?

Mr. MACDONALD (Pictou).—If he does not remember anything about it he cannot say what was done.

Mr. AMES.—He says he knows what was the practice of the department.

Mr. MACDONALD (Pictou).—If he does not remember anything about this tender he cannot say anything about it.

Mr. AMES.—I am sure there can be no possible objection to asking what was the practice of the department at that time in the receiving of tenders.

The CHAIRMAN.—I think you can ask that question.

*By Mr. Ames:*

Q. What was the practice of the department in the receiving and awarding of tenders at that time?—A. In December, 1902?

Q. Yes, at the time when that tender came in?—A. Well, at that time the practice was that the tenders should all be sent to the land commissioner.

Q. At that time the practice was that the tender should be handed in, where?—A. Sometimes they were handed in and sometimes they were forwarded direct to the land commissioner.

Q. Handed in at the office?—A. At the office.

Q. Prior to 12 o'clock, noon, on the last day?—A. Yes.

Q. Would they all go through the office?—A. No.

Q. And then at the office they would be transmitted?—A. To the land commissioner.

Q. To the land commissioner?—A. Yes.

Q. Would you be present with the land commissioner when the tenders were opened?

Mr. MACDONALD (Pictou).—Perhaps the witness had better tell us what was done without any suggestions?

*By Mr. Ames:*

Q. What would be done with the tenders after they left your hands?—A. They went to the land commissioner.

Q. By whom were they opened?—A. I don't know.

Q. By whom do you believe they were opened?—A. I don't know.

Mr. MACDONALD (Pictou).—That is not evidence.

*By Mr. Ames:*

Q. Do you mean to say that you do not know by whom they were opened?—A. I don't know. They were sent to the land commissioner and that was the last I saw of them until —

Q. Who would know?—A. I don't know.

*By Mr. Bristol:*

Q. I suppose the land commissioner would know?—A. I suppose so; I don't know.

Q. Would any other man in your office, except the land commissioner, know about these tenders?—A. In my branch?

Q. Yes?—A. No, not that I know of.

Q. Did the land commissioner open them alone?—A. I could not tell you that. I never saw the tenders after they left my hands—they went to the land commissioner direct, and I never saw them after that until they were returned to me with a memorandum by the land commissioner.

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Q. Until they were returned to you?—A. Yes, with a memorandum from the land commissioner giving the names of the tenderers and the amounts they had offered.

Q. So the matter of opening the tenders was exclusively in the hands of the land commissioner?—A. Entirely.

Mr. MACDONALD (Pictou).—The witness says he does not know anything about that.

The CHAIRMAN.—Let us hear what he says about that. Was the matter exclusively in the hands of the land commissioner?

The WITNESS.—I could not say that.

*By Mr. Ames:*

Q. To the best of your knowledge and belief this matter was exclusively in the hands of the land commissioner?—A. No, I won't say that.

*By Mr. Bristol:*

Q. In whose hands was it?—A. I don't know.

*By Mr. Ames:*

Q. You were 24 years in the department and you cannot say who opened the tenders?—A. I got instructions to send them to the land commissioner. When I received the tenders in my branch at 12 o'clock, noon, I sent them in to the land commissioner and never saw them again until such time as they were returned to me by the land commissioner with the names of the persons who tendered and the amount of their tenders. That is all I know about it.

Q. How long had that been the custom in the department?—A. Well, since the summer of 1902.

Q. Previous to that, the tenders were opened by a committee of three, of whom you were one, were they not?—A. No.

Q. Were you not, in former years, one of the three who opened the tenders?—A. Two.

Q. The tenders were always opened in the presence of two or three?—A. Two.

Mr. MACDONALD (Pictou).—Not three?

The WITNESS.—There were never three.

*By Mr. Ames:*

Q. The tenders were always opened previously in the presence of two. Who were those two?—A. The deputy minister and myself, and in his absence the secretary of the department and myself.

Q. Who would they be?—A. Mr. James A. Smart, who was deputy for some years, and Mr. P. G. Keyes, secretary of the department.

Q. When the former land commissioner, J. G. Turiff, retired from the department on the 9th February, 1904, was the former method of having several persons present once more adopted?

Mr. MACDONALD (Pictou).—Not several persons.

Q. At least two persons?

Mr. MACDONALD (Pictou).—Not at least two persons.

The WITNESS.—I don't know.

Q. You were there at that time?—A. I was there but I sent them as formerly to the land commissioner.

Q. Who was land commissioner after Mr. Turiff retired?—A. Mr. Greenway.

Q. Mr. Ryley, when envelopes were received, was it not your custom to endorse on them in red ink the hour at which they were received and your initials?—A. No, it was not the custom. I remember doing it in some cases where it was very nearly the hour, near twelve o'clock. Sometimes I put the date or the hour on the envelope.

Q. In many cases?—A. I do not know. I remember doing it in some cases, but I did not make a practice of doing it.

Q. You used to put the hour and 'G.U.R.' on it in red ink?—A. I cannot say, I do not remember that; I remember initialling some of them and putting the hour on them.

Q. When did the practice cease of two persons, yourself and another, opening the tenders?—A. It was in the summer of 1902, I do not know exactly the date.

Q. It was in the summer of 1902?—A. Yes.

Q. To the best of your knowledge and belief, from the summer of 1902 till the time you left the department you did not assist in opening the tenders?—A. No.

Q. And the former practice of opening them by two persons, of which you were one, was not in force?—A. I do not know how they were opened—I was not one of them.

Q. The former practice of two persons, of which you were one, opening the tenders, was not in force?—A. No.

*By Mr. Bristol:*

Q. How many years prior to the summer of 1902 did you with one other person open the tenders?—A. Since 1882.

Q. From 1882 to 1902 you, with one other person always opened the tenders in this department?—A. Yes.

Q. And in the summer of that year that practice was changed, and you were not one of those persons who opened tenders?—A. No.

*By Mr. Macdonald (Pictou):*

Q. In the days when you were engaged as one of the persons opening the tenders, who was associated with you?—A. Either the deputy minister or the secretary of the department.

Q. And the opening of the tenders were confined to two people?—A. To two people.

Q. And there were never any more people engaged?—A. No.

*By Mr. Taylor:*

Q. There were three people engaged opening tenders?—A. No, two.

*By Mr. Macdonald (Pictou):*

Q. As we understand it, only two people at any time ever took part in the opening of the tenders?—A. The deputy when he was in the office.

Q. And if he was not there it was the secretary?—A. Yes.

Q. That was the practice of the department, and after 1902 you say you have no knowledge yourself regarding the opening of tenders, that they were forwarded to the land commissioner, and how he dealt with them is not a matter within your knowledge, or who took part in the opening of them is not a matter within your knowledge?—A. No.

Q. There may have been two people engaged in the opening of the tenders as far as you know?—A. Yes.

*By Mr. Bristol:*

Q. His simple statement is that he was not there and does not know how they were opened.

Mr. AMES.—If he says he does not know how they were opened, how can he say he knows there were two people there?—A. I do not say that.

Mr. MACDONALD (Pictou).—The point I want to make clear is this that this gentleman, who was an official of the department, with the secretary or deputy minister used to be engaged in the opening of tenders down to a certain time, but after that time he does not know whether there were one, two or three people engaged in the opening of them.



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*By Mr. Macdonald (Pictou):*

Q. I understand, Mr. Ryley, that the tenders came into the department, they would come to you or to the deputy minister, or to the land commissioner—

The CHAIRMAN.—Or the secretary?

Mr. MACDONALD (Pictou).—Or the secretary either, I suppose?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. I suppose if the head officers of the department received tenders previous to the time mentioned in the advertisement they were treated as being in compliance with the advertisement, as to time, as a matter of practice?—A. Yes sir.

Witness discharged.

Committee adjourned.

## HOUSE OF COMMONS.

COMMITTEE ROOM No. 32,

OTTAWA, FRIDAY, March 13, 1908...

The committee met at eleven o'clock a.m., the chairman, Mr. Clarke, presiding, and proceeded to the consideration of two payments of \$1,069.42 and \$1,174.10 to the Department of the Interior, in connection with timber agencies at Edmonton and Calgary by Perkins, Fraser & Gibson as set out at Page L-98, Report of the Auditor General 1906-7.

Mr. J. W. GREENWAY, called, sworn and examined.

*By Mr. Ames:*

Q. What is your full name?—A. J. W. Greenway.

Q. And in what capacity are you at present employed?—A. Commissioner of Dominion Lands.

Q. How long have you been in the department?—A. Nearly four years.

Q. Nearly four years?—A. Well, between three and four years.

Q. What positions have you occupied besides that of Commissioner of Dominion Lands, I mean in the employ of the government?—A. I was Inspector of School Lands prior to that.

Q. Prior to becoming commissioner of Dominion Lands?—A. Yes.

Q. What date did you enter upon your duties as Commissioner of Dominion Lands?—A. I think about the first of April.

Q. In what year?—A. 1904.

Q. Who was your predecessor?—A. Mr. Turriff.

Q. How long were you in the department? Were you in the department at the time Mr. Turriff was commissioner?—A. No, I never was in the department until I came here as Commissioner of Dominion Lands, I was employed in the west, in Manitoba and the Territories.

Q. You were in the outside service?—A. Yes.

Q. Now, since you have been commissioner I suppose it has been your duty to award contracts for timber berths, hasn't it?—A. Not to award them.

Q. Well, to receive and open and determine upon the bids for timber licenses and berths?—A. The tenders were not accepted by me.

Q. You may perhaps describe what was done, that is probably the easiest way.—A. The tenders, when they came in, were addressed to the Timber and Mines Branch—I am speaking of the system that was followed until about a year ago.

Q. That was the system, you might say, you first followed when you entered the department?—A. Yes.

Q. You might describe the system as it was then?—A. Yes, they were addressed to the Timber and Mines Branch and were opened by me; the tenders were brought in from the Timber and Mines Branch and opened by the Commissioner of Dominion Lands, but the awarding of the berth was done in the branch to which the timber belonged—that is, the Timber and Mines Branch.

Q. Well, confine yourself this morning just to the timber berths?—A. I merely opened the tenders—it is timber berths I am speaking about.

Q. Just describe the areas of the timber berths?—A. I had nothing to do with the timber berths. I merely opened the tenders.

Q. You merely opened the tenders?—A. Yes sir, at this time I speak of I did not award the berth.

Q. Describe for our information the exact course that a tender would follow. Supposing I was bidding for a timber berth, and that I came to the department at 11.30 in the morning and put in a sealed envelope containing a tender for a certain berth. Describe the course that envelope would follow?—A. You would put it in the department, into what was called then the Mines Office.

Q. Who would receive it?—A. The Clerk of that branch.

Q. Who was that? Mr. Ryley?—A. Mr. Ryley, yes, but it might possibly be handed to my office, if it was 11.30 or was close to the hour it might be handed in direct to my office.

Q. Was any record kept of the exact hour when the tenders were handed in?—A. Well, it was the usual thing to note the date, I think it is usually noted on the envelope.

Q. That is the exact time?—A. The date and the hour.

Q. The date and the hour?—A. I think so, yes, I would not be positive as to that.

Q. Was any memorandum kept by you when you opened the tenders?—A. Yes.

Q. Is that memorandum an official document which was filed?—A. It would be filed in the office to which the tender went.

Q. As a sort of report on your part?—A. Yes, it was a statement of the names and tenderers and the amount of each tender and the cheques which accompanied the tenders.

Q. That went with the cheques?—A. That statement I sent in with the cheques and the tenders.

Q. Where would the cheques be found?—A. The cheques?

Q. You mention 'cheques', where would they be found?—A. They would be enclosed with the tender.

Q. In the same envelope?—A. Yes.

Q. With the offer?—A. Yes.

Q. Then the first time the cheques would see the light in your department would be when you opened the envelope?—A. Yes.

Q. Now what would you do with the cheques?—A. I would pin them to the tender if they were not already attached and the envelope.

THE CHAIRMAN.—I do not just see how this is relevant to the question under investigation.

Mr. AMES.—I desire to find out the practice.

THE CHAIRMAN.—What we are investigating here is the item for ground rents paid to the government. There seems to have been no competition as to the amount of the ground rents in any way; whatever competition there was, was as to the bonus, but that does not appear to be before the committee; that is a matter of three or four years ago. I thought the other day it was quite right to go back as far as you could in order to throw light on the matter that we were investigating, but I think we must stick to the item under investigation.

Mr. AMES.—I thought it would be in the public interest, and that the members

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of the committee would be interested in ascertaining the method of opening the tenders.

THE CHAIRMAN.—I was rather anxious to hear that myself, however, it is just as the committee wishes.

Mr. AMES.—The witness has already told us part of it; he has explained the method up to a certain stage and I think he might be allowed to finish.

THE CHAIRMAN.—I have no objection if the committee does not object, to go on with this evidence, but it does not seem to me to be relevant to the matter referred to us for investigation.

Mr. AMES.—I shall abide by whatever your ruling is, Mr. Chairman, and by what the committee wishes, but having obtained one-half the story I think we might continue it until it is finished.

THE CHAIRMAN.—Perhaps there will be no objection to going on and finishing this part of the evidence.

Mr. MACDONALD (Peitou).—I was going to make the objection to this evidence as irrelevant to the matter under consideration, but I have no objection to hearing, as a matter of information, what the practice was.

THE CHAIRMAN.—Perhaps you had better finish with this witness, we have got pretty well the outline of what his evidence is, and I think we should keep as closely as possible to what is referred to this committee by the House, that is one of the rules that has been laid down very strictly and we must not transgress.

*By Mr. Ames:*

Q. Then, Mr. Greenway, you might continue with what you were saying. What would be the next step?—A. After opening the envelope we would note down the amount of the tender, examine it, of course, to see that everything was certified to and so on, with regard to the cheque.

Q. Would you keep any record of your observations with regard to those cheques?—A. I think that would be sent in with the list of the different tenders.

Q. Who would you send that to?—A. That would be sent to Mr. Ryley or Mr. Campbell or whoever the chief clerk might be.

Q. That is what you mean would be sent in, the memorandum you had made?—A. The memorandum, the cheques and the tenders.

Q. The memorandum, the cheques and the tenders would pass from your hands to whom?—A. To the chief clerk of the Timber and Mines Office.

Q. To Mr. Campbell?—A. Yes, to Mr. Campbell, or Mr. Ryley, or Mr. Rowatt.

Q. Would any record be kept in your department regarding the cheques?—A. No, it would be simply that memorandum that went in.

Q. The memorandum would be fastened to the tenders and go with them?—A. Yes, the whole thing would go together.

*By the Chairman:*

Q. There was a schedule made which was produced here?—A. Yes, a statement.

Q. Containing all the tenders. Was that what you sent into the department?—A. Yes.

*By Mr. Ames:*

Q. You made the remark a few moments ago that there had been a change in this system since you came in. Will you tell us when the change was made and what the change consisted of?—A. It is about a year or so ago, I don't remember the exact date. The change consisted in the tenders being accepted by me.

Q. Being what?—A. Being accepted by me instead of by the branch.

Q. Both opened and accepted?—A. Both opened and accepted.

*By the Chairman:*

Q. Formerly you merely opened them?—A. Opened them, yes.

Mr. AMES.—That is all I wish to ask Mr. Greenway.



*By Mr. Macdonald (Pictou):*

Q. You are still Commissioner of Timber Lands are you, Mr. Greenway?—A. Commissioner of Dominion Lands.

Q. That is the general title of your office?—A. Yes.

Q. And you have had that position since it was vacated by Mr. Turriff in 1904?—A. Since the spring of 1904, yes.

Q. In regard to the system of opening tenders. Mr. Greenway, you followed, I understand, the same system which you found in existence when you came into office?

—A. Yes, so far as I know.

Q. Certainly, so far as you know?—A. Yes.

Q. That is when the first tenders came to be opened, after you took charge as commissioner, you gave no new directions as to how it was to be done, the clerks and officials went along just as they had done before?—A. Yes, it was done simply the same.

Q. There were no new directions given by you or any person else after your coming in that you knew of?—A. No.

Q. Whose business was it to collect the tenders and bring them to you as commissioner?—A. Well there was a clerk in the office who did that.

Q. A clerk in the office?—A. In my office, yes.

Q. That is in your office as commissioner?—A. In my own office, yes.

Q. And it was the business of that clerk to get the tenders from the various officers to whom they may have been sent and bring them to you as commissioner on the day on which they were to be opened?—A. No. they were delivered to the clerk by the other officers.

Q. By the different officials they were delivered to that clerk?—A. Yes, or by the individual tenderers, either one.

Q. This particular clerk was the recipient of these tenders and brought them to you as commissioner, he was the ultimate recipient from the different officers that is what I mean?—A. Yes.

Q. From the secretary or from any other official, or from whatever source they might come, that person collected the tenders and brought them to you?—A. Yes.

Q. Now, did you lock the door when you went to open the tenders?—A. No, I never did anything of the kind.

Q. You never heard there had been any system of locking the doors?—A. No, I never heard of it.

Q. Then was there any dark and secluded room in the building in which you retired when you opened these tenders?—A. Not that I was aware of. They were always opened in my office.

Q. In your regular office?—A. In my regular office, yes.

Q. Did the officials of the department tell you that there was any dark and secluded room in the building where tenders were supposed to be opened or where Mr. Turriff used to open them?—A. No.

Q. I suppose you are fairly familiar with the department, the rooms and all that?—A. Yes, I think so.

Q. Do you know if there is any dark and secluded room there which could be utilized for that purpose?—A. Well, I don't know.

Q. You have never heard tell of anything like that? Now when the clerk brought these tenders did you open them?—A. Yes.

Q. And I suppose the clerk took down the names and amounts as you read them off?—A. We opened them together. The clerk and myself always opened them together.

Q. So that there were always two people present while the tenders were being opened?—A. Yes.

Q. There have always been two people present, you and this clerk, when the tenders were opened?—A. Yes. Sometimes more.

Q. Sometimes more?—A. Yes.

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Q. In what case would there be more?—A. Well there were other clerks, of course, in the office and sometimes we had some of the tenderers.

Q. Some of the tenderers?—A. Yes.

Q. Was there any attempt to exclude anybody?—A. Anybody who wanted to come in was allowed to do so far as I know.

Q. If a proper party?—A. Anybody interested in the business.

Q. Did you understand that you were following the system—

Mr. BRISTOL.—We might as well have this stopped right here.

Mr. MACDONALD (Pictou).—Surely you are not going to be an obstructionist?

Mr. BRISTOL argued that the witness was not in the department before he took the office of Commissioner of Lands and should not be allowed to state what he had heard was the system followed.

The CHAIRMAN.—As I stated before, I do not think this bears on the question.

Mr. BRISTOL.—What he heard from other people is surely not evidence.

Mr. MACDONALD (Pictou).—I have the right to ask the general question as to whether or not the departmental practice which he followed was the practice which he found in operation when he went there.

The CHAIRMAN.—The witness has already said that as far as he knew it was the same as that which prevailed previously.

*By Mr. Macdonald (Pictou):*

Q. Now, Mr. Greenway, you said that after you had been there some time a change took place in dealing with the tenders, am I correct in saying that down to the time this change took place, all that the Commissioner of Dominion Lands did in dealing with tenders was to open them, make a memorandum of the amounts that were offered and forward them to the particular officials of the Timber and Mines Branch to be dealt with?—A. Yes, that is the way it was.

Q. Then, subsequently, about a year ago, you say a change took place in which, instead of forwarding these tenders and cheques, after you had opened them, to a particular branch, you, as Commissioner of Dominion Lands, accepted the tenders?—A. Yes.

Q. That was the first time that the actual acceptance of the tender rested with the Commissioner of Dominion Lands, as far as you know?—A. So far as I know it was, yes.

Q. Then, Mr. Greenway, later on, in the beginning of last year, the system of tendering for timber berths was absolutely done away with?—A. About the end of the year, yes.

Q. It was about the end of the year, and timber berths under the regulations of the department are now put up for auction?—A. Yes.

Q. And your duty as Commissioner of Lands, so far as the opening of tenders is concerned, under the new regulations has been done away with, the berths having now to be disposed of by auction?—A. I have nothing further to do with them in that connection.

*By Mr. Bristol:*

Q. What was the name of the clerk that you had since you took charge of this branch in 1904?—A. Miss Munroe.

Q. Is that your stenographer?—A. Well, yes, she does stenographic work.

Q. She is the stenographer for the purposes of the office there?—A. Yes.

Q. I suppose it was no part of her duty to be present when you opened the tenders?—A. Yes, it was.

Q. Did you make it so?—A. Well, she always did it as far as I could learn.

Q. Do you mean that you asked her to be present?—A. Certainly, yes.

Q. You asked her to be present?—A. Yes.

Q. How does it happen that, as you say, some tenderers were there also? Were

they asked to be present when the tenders were opened?—A. Well, they asked to be present sometimes.

Q. Mr. Burrows, for instance, was he ever there?—A. No, I never saw him there.

Q. Was Mr. Nolan there?—A. No.

Q. Or Mr. Fraser?—A. No, Mr. Fraser, I don't think, was ever there.

Q. Who had you in mind when you said that some of the tenderers were present?—A. Well, I could not recall all of them; I can recall some of them; there was Mr. Beck.

By the CHAIRMAN.—Of course that has nothing to do with this item here.

*By Mr. Bristol:*

Q. Was it a frequent practice for persons to ask to be present when the tenders were opened?—A. No one was ever refused.

Q. I want to know if it was a customary thing?—A. Yes, they were allowed if they asked to be present.

Q. Did it happen often to your recollection?—A. Yes, there would be quite a number of times, I fancy, but, as I say, I never kept any record of it. I can recall some of the names of those who were present.

Q. Have you a private office?—A. Yes.

Q. Is there another office for the clerk you speak of?—A. Well, yes, there is another room.

Q. So that you have a room of your own in which to receive people privately without your clerk being present if you choose to use it?—A. Certainly.

Q. And if your clerk is present it is because you summoned her to be there?—A. Yes.

Q. There is no regulation of the department requiring her to be present with you in the performance of any portion of your duty, including the opening of the tenders?—A. No, I suppose not.

Q. So that it would be purely voluntary on your part; if you had her there when opening the tenders it was because you wanted her?—A. Certainly, it was because I wanted her.

Q. Have you a private telephone in your room connected with the main system in the building?—A. It is connected with the general telephone office.

*By Mr. Macdonald (Pictou):*

Q. This lady that you speak of was there in the capacity of a stenographer, was she, she was a regular civil servant?—A. A second-class clerk in the department.

Q. And did you find her there in the position which she now occupies when you came into the department?—A. Yes.

Q. She was there in the same position with Mr. Turriff, your predecessor, as she now occupies?—A. Yes.

Q. In regard to the question of asking her to come in when the tenders were opened, Mr. Greenway, as a matter of fact did you specially ask her at first to come in? Or didn't she come in, as a matter of course, bringing the tenders with her?—A. There wasn't anything about it much one way or the other, she came with the tenders every tender day.

Q. In other words, did you instruct her specially to do so the first time the question came up, or did she bring the tenders in as a matter of course?—A. I don't remember.

Q. Do you remember giving any instructions?—A. Not that I remember.

Q. Did you follow the same practice in that regard that had been followed in the department before as you understood?

Question objected to by Mr. Bristol.

Q. Did you follow the same practice that had been followed previously?—A. So far as I know, I did, yes.

Q. From whom in the department did you understand that it had been the practice



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of Miss Munro collecting the tenders and bringing them to you and you opening them with her?—A. From herself, of course.

Q. So that you went right along without making any change, or giving any directions, just as you understood from the officials of the office had been done before you came?—A. That was my understanding.

Witness discharged.

HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
FRIDAY, March 13, 1908.

The Committee met at 11 o'clock a.m., the Chairman, Mr. Clarke, presiding, and proceeded to the consideration of the payments of \$1,101.45 by Theo. A. Burrows, Edmonton Agency, of \$4,108.62 by Theo. A. Burrows, Winnipeg Agency; of \$440.28 by Theo. A. Burrows, Winnipeg Agency, (timber dues) as set out at pages L—97 and 98 of the Auditor General's Report for 1906-7 and payments of \$1,247 by the Big River Lumber Company, and \$1,250 by John McBain, in connection with head office—timber dues—Prince Albert, as set out at page L—103, Auditor General's Report, 1905-06.

Mr. R. H. CAMPBELL, recalled.

*By Mr. Ames:*

Q. Mr. Campbell, you have brought with you your analysis of the various items in the Auditor General's report for 1906-7 which you were summoned to give evidence upon this morning?—A. Yes.

Q. Will you kindly analyse the item found in the Auditor General's Report, L—98, 1907, 'T. A. Burrows, Edmonton, \$1,101.45,' what is that made up of?—A. Timber berth No. 1046, a payment of \$204.19; timber berth No. 1093, a payment of \$61.26; timber berth No. 1094, a payment of \$137.83; timber berth No. 1099, a payment of \$224.61; timber berth No. 1191, a payment of \$259.82; timber berth No. 1192, a payment of \$213.74.

Q. Yes, now will you refer again to——

*By Mr. Macdonald (Pictou):*

Q. The rental of these berths is included in the total amount of how much?—A. \$1,101.45.

Q. That is in the Auditor General accounts for 1906-7—A. Yes.

Q. Now, in the Auditor General's Report for 1907, there is an item 'T. A. Burrows, Winnipeg, \$4,108.63.' Kindly tell me the way in which that item is made up?

*By the Chairman:*

Q. Before you leave the other items, were they made up of ground rents or anything else?—A. They were rental and interest—interest on the ground rent.

Q. Ground rent and interest on it when it was in arrears?—A. Yes.

*By Mr. Ames:*

Q. Now, tell me how the item of \$4,108.62 is made up? Kindly analyse that?—A. There were two payments on timber berth No. 814, one of \$88.33 and one of \$583.53. There were three payments on timber berth No. 986, one of \$1,486.28, one of \$691.75, and one of \$696.30. There was one payment on timber berth No. 571A of \$146.71. No, there were two payments on that berth. There was the sum I have already mentioned and 70 cents interest on rental.

*By the Chairman:*

Q. Do those make up that total amount?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. There were only three berths?—A. Yes, only three berths.

Q. Does that include the annual rental or is there any stumpage in it?—A. Some royalty.

Q. Have you kept them separate?—A. Yes, they are separated here.

*By the Chairman:*

Q. I would like to understand what this covers. You say it covers royalty besides ground rent?—A. The \$4,108.62 covers royalty and interest.

Q. What do you mean by royalty?—A. The dues.

Q. On the bonus that is paid on the granting of the land?—A. No. They are the dues and the ground rent. There is the annual ground rent and the rest of the items are royalty.

*By Mr. McCraney:*

Q. I would like you to repeat the items which make up \$4,108.62?—A. Well, I will read it over again. On berth No. 814 there was a payment of \$88.33 on account of royalty and interest on it. There was a second payment of \$583.53 on account of royalty. The third is a payment of \$321.73 royalty and interest. The fourth is a payment of 52 cents interest on royalty.

*By the Chairman:*

Q. That is all the payments under that particular berth?—A. Yes. Then in the case of berth No. 571A there is a payment of \$146.71 rental and interest and a payment of 70 cents interest on rental. On timber berth No. 986 there is a payment of \$1,486.28 royalty and interest, a payment of \$691.75 royalty and interest, a payment of \$696.30 royalty and interest, and a payment of \$92.77 royalty and interest. That makes up the total.

Q. Was this all royalty except the one item?—A. Berth 571A is rental and interest.

*By Mr. Ames:*

Q. Will you now tell me please, what items in the Auditor General's Report covered 1,047, 1,068, and 1,073?

Mr. MACDONALD (Pictou).—For what year?

Mr. AMES.—For that same year?

The WITNESS.—1,047 is included in a payment of \$440.28 to be found on page L—98.

Q. Yes. I have got that?—A. In regard to 1,068 there is a payment of \$26.80 included in the \$1,069.42 which appears on page L—98.

Q. That comes in in Perkins, Fraser and Gibson's item of \$1,069.42. Now 1,073?—A. It is a payment of \$102.10 included in \$440.28 on page L—98.

Q. Now analyse the item in the Auditor General's Report on page L—93 'T. A. Burrows, Prince Albert, \$440.28'?—A. That is not Prince Albert, but Winnipeg.

Q. It is Winnipeg, you are right. Very well, analyse the item 'T. A. Burrows, Winnipeg, \$440.28'?—A. Timber berth 1000, payment of \$25.98 on account of rental and interest. Timber berth 1001, payment of \$31.18 on account of rental and interest. Timber berth 1002, payment of \$20.78 on account of rental and interest. Timber berth 1047, payment of \$255.24 on account of rental and interest. Timber berth 1054, payment of \$5 on account of rental. Timber berth 1073, payment of \$102.10 on account of rental and interest.

Q. Now, the item of 'Perkins, Fraser and Gibson, \$1,069.42,' under Edmonton, to be found on page L—98, covers the rental of 1,068 does it not?—A. Yes. It covers the payment of \$26.80 on account of timber berth 1068, rental and interest.

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*By Mr. Macdonald (Pictou):*

Q. What other items are included in that payment?—A. Timber berth 1,031, payment of \$603.64, rental and interest.

Q. What else?—A. Berth No. 1,058, a payment of \$12.76, rental and interest.

*By the Chairman:*

Q. What was No. 1,031?—A. \$603.64.

Q. And this now is No. 1,051?—A. Timber berth No. 1,051, a payment of \$12.76.

Q. Is that rental?—A. Rental and interest. Timber berth No. 1,058, a payment of \$12.84, rental and interest; timber berth No. 1,068, a payment of \$26.80; timber berth No. 1,097, a payment of \$102.09 on account of rental and interest; timber berth No. 1,098, a payment of \$311.29, rental and interest.

*By Mr. Macdonald (Pictou):*

Q. What is the first berth, 1,047 or 1,031?—A. 1,030, on this list.

Q. That is all included in the payment of Perkins, Fraser & Gibson, of \$1,069.42 at L—98?—A. Yes.

Q. In connection with the Edmonton agency?—A. Edmonton, yes.

*By Mr. Ames:*

Q. Now, we will begin with No. 1,046, you have the file there for No. 1,046, Mr. Campbell, you might take 1,047, 1,048 and 1,049 and go right along the line—oh, before you do that I will have to ask you two more questions in order to bring out 1,048 and 1,049—I am going, Mr. Chairman, to quote from the Auditor General's Report, 1906, page L—103, under the heading of Prince Albert, there is an item 'Big River Lumber Company, \$1,247'; what limit does that refer to, Mr. Campbell?—A. That is timber berth No. 1,048.

Q. There is also an item 'John McBain, \$1,250,' what berth does that refer to?—A. Timber berth No. 1,049.

Q. Now, with reference to timber berth No. 1,046, the department has a lease with whom in respect to that berth?—A. Mr. Burrows.

Q. Mr.—A. Mr. Theo. A. Burrows.

Q. Of?—A. Winnipeg.

Q. Or Dauphin, or Ottawa?—A. Of Dauphin.

Q. Will you turn to that lease and give me the area and location and who the lease is between?—A. It is between the Hon. Frank Oliver, Minister of the Interior, representing the Crown and Mr. Theo. A. Burrows, of the city of Winnipeg, its location is in the province of Alberta, comprising 40 square miles, to be selected in not more than six lots in townships 56 and 57, range 3 and 4, and the east half of township 56 and —

Q. Generally speaking, northwest of Edmonton, is it?—A. Yes.

Q. We do not need all the details, that is sufficient.

*By Mr. Macdonald (Pictou):*

Q. That has been surveyed, that lot, has it?—A. Only part of it.

Q. Is it described in there as forty square miles to be selected from a larger area, or is it a limited area with an absolute boundary delimited?—A. No, it is a selection.

*By Mr. Ames:*

Q. It is a selection berth of which only a part has been already selected. That lease, of course, is based upon the original advertisement and bid, will you kindly turn back to the original advertisement and bid?—A. Do you wish to have the advertisement?

Q. I want you to turn to the advertisement and give me the date when the advertisement appeared and the date when the bids were opened?—A. The advertisement is dated January 28, 1903, and the tenders were to be opened on March 7, 1903.



Mr. AMES.—I think it might be well for the convenience of all that that advertisement should be entered in the minutes as it contains all the facts of the case relating to the berth and everything of that kind.

Mr. MACDONALD (Pictou).—For what purpose? Is there any error in the quantities or the amount paid on the timber berth in question.

The CHAIRMAN.—Is it claimed that the advertisement has an effect on the amount of the ground rent?

Mr. AMES.—It is claimed, as it was decided at the last meeting, that the advertisement and bid constitute the two ingredients upon which the lease is based, and consequently the advertisement and the bid must come into the evidence as it describes the limits, and it is for the benefit of all concerned, for members on both sides of the House, that all the terms and conditions with reference to this particular berth should be placed upon the record. It is of no interest to me personally, but I thought it would be of interest generally to the Committee.

The CHAIRMAN.—This is the way it strikes me about that; so far as I can understand the tenders that are made do not affect in any way the amount of the ground rent or the amount of the royalty which are the two matters under investigation here. The tenders are merely for a bonus. The tender—I am just looking at the advertisement that was put in before when this matter was up—states that 'sealed tenders will be received,' &c., and a sketch will be furnished and the regulations under which the license will be issued, also printed forms of tender and envelopes may be obtained,' &c. That is the advertisement is for a bonus, and they tender according to that. Now I don't understand that there is anything about the bonus in the lease or the regulations which govern that, so that so far as the ground rent or the royalty is concerned I do not see how the advertisement affects them, unless it is said that the advertisement or tender may show some variation from the standard regulations.

Mr. BRISTOL.—We have all that in the evidence now.

The CHAIRMAN.—I know we have admitted it and we have investigated it pretty fully and we have found that so far unless there is something in the tender in this particular case you are investigating now, it does not affect the payments under consideration.

Mr. BRISTOL.—I do not think we are called on to argue this case at this stage, we are getting the evidence now, and it is premature for you to rule on that point.

The CHAIRMAN.—It is premature if there is a contention that it will affect these payments.

Mr. BRISTOL.—It will affect it, I think.

Mr. AMES.—This evidence has a very material bearing upon the continuance of the lease, and therefore we should, I think, follow the same practice as you ruled the other day. I do not ask anything more or less than what you gave me in your ruling the other day, Mr. Chairman, and I will promise this morning not to transgress beyond that.

The CHAIRMAN.—My idea the other day was that we had a perfect right to go back in order to get anything that will relate to these items. We have done that, we have the advertisement and the tender and we find, after looking at these, that they do not at all affect the payments.

Mr. AMES.—In this case, possibly not.

The CHAIRMAN.—It seems to me that the proper course in regard to these items is that if the advertisement shows there has been some variation from the conditions; if the tender shows that there has been any change in the regulations that affects the bonus; we are discussing the ground rents here and not the bonus.

Mr. AMES.—We are discussing the lease and its validity.

The CHAIRMAN.—I would hardly go that far.

Mr. AMES.—I only ask what you allowed us at the last meeting.

The CHAIRMAN.—Of course, I cannot say whether the advertisements show there is a difference of ground rent. For that reason I am not going to stop you. That is

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a good reason why you should be allowed to go back to that, but not to investigate the matter of giving the leases. I do not think that that is referred to us.

Mr. AMES.—In this particular case I ask for nothing except what you ruled the other morning to be permissible. I am taking a certain line of action, and I do so now on the promise not to transgress the lines laid down the other morning. I wish to bring out a few more cases which will have a very important bearing upon these leases.

The CHAIRMAN.—If the evidence is to show just the bearing on the ground rent or the royalty, I think you are perfectly right, but it ought not to take in anything else.

Mr. AMES.—The evidence is to show whether the leases should be continued or not or whether there should be any leases with these parties at all.

The CHAIRMAN.—I don't think that is what we are considering.

Mr. MACDONALD (Pictou).—I understand that is the reason my honourable friend is asking to introduce this matter. Now are we dealing with the question of policy, or are we dealing with facts? My honourable friend says that the reason he wants this evidence is in order to show that the policy of the government should be to cancel these leases.

The CHAIRMAN.—I would not agree to that unless some precedent could be shown. I suppose these matters have been discussed in other years.

*By Mr. Ames:*

Q. Well, Mr. Campbell, you have the advertisement. Will you state what tenders came, in consequence of the advertisement the same as you did the other morning for Berth 1,046?—A. Timber Berth 1,046. Name of grantee, T. A. Burrows, Winnipeg, Man. Name of applicant, J. S. Walker. Names of tenderers, T. A. Burrows, \$3,500; D. R. Fraser & Co., \$3,015; Craft & Lee, \$815; J. A. Powell, \$1,510.

Q. Now will you kindly turn to the bid of the successful tenderer?—A. Do you wish it read?

Q. Read please?—A. (reads):—

‘WINNIPEG, March 3, 1903.

‘I hereby offer a bonus of three thousand five hundred dollars for Timber Berth No. 1,046, containing 40 square miles situated near Pembina River, for which public competition is being invited, and I enclose an accepted cheque on the Bank of Ottawa for three thousand five hundred dollars, being the amount of said bonus.

‘I undertake to comply with all the conditions of the timber regulations.

‘I have the honour to be,

‘Your obedient servant,

(Sgd.) ‘THEO. A. BURROWS.’

Q. What is the surcharge?—A. (reads): ‘Received cheque \$3,000, cheque \$500, total \$3,500. 9-3-02. P.L. for Acct.’

Q. The letter speaks of one cheque only?—A. It says: ‘I enclose an accepted cheque.’

*By Mr. Bristol:*

Q. For \$3,500?—A. For \$3,500.

*By Mr. Ames:*

Q. Turn to Timber Berth 1,047.

Q. Let us continue to the next. We will finish up with a few of these. Take 1,047 now, you have the lease which exists at the present time between the government and the owner of Timber Berth No. 1,047?—A. Yes.

Q. Tell me what is the area?—A. The area is 50 square miles.

Q. And, generally speaking, the location?—A. It is in Manitoba, the northern part of Manitoba.

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Q. Along the line of the Canadian Northern Railway, just south of the Red Deer Lake?—A. Somewhere around there.

Q. Who is it between: the government and——?—A. Mr. T. A. Burrows of the city of Winnipeg.

Q. Will you turn back to the advertisement and tell us when it was advertised and when the bids were opened?—A. It was advertised on the 28th of January, 1903, and the bids were opened on the 7th of March, 1903.

Q. Now, will you kindly refer to that return and give us the bidders and their amounts?—A. Timber Berth No. 1047; name of grantee, T. A. Burrows; address of grantee, Winnipeg, Man.; name of applicant, Frank L. Grantham; names of tenderers, T. A. Burrows, \$15,000; K. & H. McDonald, \$13,524; Mutchenbacker Bros., \$5,500; J. S. Hough, \$4,050; P. Stone & Co., \$2,000.

Q. The berth was awarded to T. A. Burrows, wasn't it?—A. Yes.

Q. Will you turn now to T. A. Burrows' bid and kindly read it?—A. (reads):—

'WINNIPEG, March 3, 1903.

'I hereby offer a bonus of fifteen thousand dollars for timber berth No. 1047, containing 50 square miles, situate near the Red Deer Lake and the Arnott River, for which public competition is being invited, and I enclose accepted cheques on the Bank of Ottawa'—

*By Mr. Bristol:*

Q. An accepted cheque?—A. The form is 'accepted cheque', and the 's' is put in afterwards—

*By Mr. Macdonald (Pictou):*

Q. It is a printed form?—A. Yes (reads):

'on the Bank of Ottawa, being the amount of said bonus. I undertake to comply with all the conditions of the tender regulations. I have the honour to be sir,

Your obedient servant,

THEO. A. BURROWS.'

Q. There is an endorsement which states the cheques and the amount, kindly read that?—A. (reads):

'Received cheque \$6,000, cheque \$5,000, cheque \$4,000; total \$15,000. P. R. for Acct.'

Q. What is the date?—A. 9, 3, '03.

Q. What is the date the bids were opened?—A. The 7th of March.

Q. It is endorsed by the accountant two days later, is that right?—A. Yes.

Q. Will you turn to the envelope and tell us whether there were any marks on the envelope?—A. There is a memorandum, 'Received 7/3/'03 at 11.35,' I think it is.

Q. In?—A. In pencil—the '3' is not very clear.

Q. Do you recognize the writing?—A. I could not say whose writing it is.

Q. But it is in black lead pencil?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. Just turn to the tender of the Macdonald Bros. on that file.

Mr. Ames objected to the question on the ground that he had been refused permission to examine witness with reference to other tenders than the successful one.

Mr. MACDONALD (Pictou)—I want to show by this question that when my friend asks the question which is practically irrelevant to this inquiry, as he did when he asked Mr. Campbell how many cheques made up the \$15,000 bonus, I want to show him that if there is any significance about there having been three cheques, making up the aggregate of the bonus, that it does not apply to that particular tender alone, because in McDonald Bros' tender, which is on the file alongside that of Mr. Burrows, there



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were three cheques enclosed which made up the amount of \$13,500. Perhaps my friend will withdraw his question as to the number of cheques, but if he does not, I think it is quite proper to show that three cheques also accompanied another tender for the same berth, and that the sending of three cheques, making up the amount of the bonus, is not confined to Mr. Burrows. If you go through these files you will find that in almost every case there is more than one cheque making up the amount of the bonus, that is why I want to ask the question. If Mr. Ames is willing to withdraw the irrelevant question I do not wish to go further on this line.

Mr. AMES.—If the hon. gentleman wants to put this upon record I have no objection, but in that case I shall find it necessary to bring Mr. McDonald here in order to show that in every instance where there is more than one cheque, whenever there have been two cheques or three cheques enclosed with his tender it has been because he has had partners in the transaction, each of whom has forwarded his cheque, and that there could not possibly be any collusion.

The CHAIRMAN.—What has that to do with the question as to whether the amounts which are under consideration are correct amounts or not?

Mr. AMES.—If we are going into the question of the number of cheques accompanying Mr. McDonald's tender, I will have to ask Mr. McDonald to come and give reasons as to why there was more than one cheque sent with the tender.

The CHAIRMAN.—This is just the difficulty we get into by allowing evidence to be put in by one party which is not strictly evidence. It opens up something else and others want to go into it still further. It does not seem to me that the matter of letting these tenders is referred to this committee.

Mr. AMES.—I want nothing more or less than I had the other day, if you will allow me to ask a few more questions this part of the inquiry is closed, and then we will discuss the matter as to whether other tenders are to be admitted. If other tenders are admitted then we shall have the right to examine persons in reference to them. I shall have the right to bring Hector Macdonald here to examine him.

The CHAIRMAN.—I do not see that that has any bearing on the items we are examining. I have gone, certainly, to the full limit, in allowing this examination.

Mr. AMES.—Yes, I do not want to go one hair's breadth farther than you have already ruled.

The CHAIRMAN.—I do not want to hold anything back that has any possible bearing on what we are investigating. The other day we went far enough to find that some of the questions asked had no bearing on the matters referred to the committee, and we should take advantage of the knowledge we gained then to keep now within bounds.

Mr. MACDONALD (Pictou).—I am satisfied to withdraw that question so long as we have it on record that it is conceded by Mr. Ames that it is a practice to put in more than one cheque.

Mr. BRISTOL.—It is not the practice, and my friend does not admit that it is, but where there are three partners, as in the case of Mr. McDonald, there may be three cheques for reasons that can be easily understood.

Mr. MACDONALD (Pictou).—Mr. Bristol knows just why the other man who put in a tender subdivided his cheques into three equal amounts; I do not know.

*By Mr. Ames:*

Q. Now, we will take timber berth No. 1048, then. There is a lease between the government and the holder of 1048, is there not?—A. A licence, yes.

Q. Who is the holder of 1,048?—A. The Big River Lumber Company.

Q. Where is that limit situated?—A. North of Prince Albert in the Northwest.

Q. It is a limit of 250 square miles, is it not?—A. Yes.

Q. The first selection out of an area of some 7,000 miles in 25 blocks of 10 miles each?—A. Yes, not more than 25 blocks.

Q. And 1,039 is the second choice of the same berth?—A. Yes.

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Q. Will you turn to the advertisement and tell me the date of insertion and when the bids were opened?—A. The advertisement is dated 28th January, 1903.

Q. Yes?—A. And the tenders were to be opened on the 7th day of March, 1903.

*By Mr. Macdonald (Pictou).*

Q. Who is the applicant for the berth, who applied to have it put up?—A. The application was received from—

Mr. AMES.—We will put it in in a moment.

*By the Chairman:*

Q. When you speak of applicant, that is the person who applies to have the berth put on the market?—A. Yes.

*By Mr. Ames:*

Q. You gave the date of the advertisement and the date when the bids were to be opened. Now turn to the return and give us the name of the applicant and the other tenderers as asked for by Mr. Macdonald?—A. (Reads): 'Timber Berth 1,048. Name of grantee, William Cowan. Address of grantee, Prince Albert, Sask. Name of applicant, Urquhart and Richards. Names of tenderers, William Cowan, \$5,000; Mutchenbacker Bros., \$2,510.'

Q. Now, will you turn to the bid of the successful tenderer for 1048 and read it please?—A. (Reads):

OTTAWA, Ont., March 6th, 1903.

The Secretary,  
Department of Interior,  
Ottawa.

DEAR SIR.—On behalf of William Cowan, of Prince Albert, we beg to tender for timber berth No. 1048, and enclose herewith cheque for bonus for same.

Yours truly,

(Sgd.) PERKINS, FRASER & BURBIDGE.

Q. That is endorsed, is it?—A. Yes.

Q. And is there any amount stated in the letter?—A. No.

Q. What is the amount of the cheque that is alleged to have accompanied the letter?—A. The memo. on the side is, 'Recd. cheque, \$5,000. 9-3-03. P.R. for Acct.'

Q. The bids were supposed to be opened when?—A. 7th March.

Q. Two days earlier?—A. Yes.

Q. There is no memorandum as to whose cheque it is?—A. No.

Q. Will you kindly turn to the envelope.

Mr. BISHOP.—The witness read the word 'cheques' as in the singular, and there is only one cheque.

The WITNESS.—It might be 'cheque' or 'cheques.'

The CHAIRMAN.—It might be either because there is a curl there.

*By Mr. Ames:*

Q. I would like you to examine the three bids, 1,108, 1,048 and 1,049, and tell me if they are in exactly the same handwriting?—A. I am not a handwriting expert.

Q. Tell me if you believe them to be in the same handwriting?

*By Mr. Macdonald (Pictou):*

Q. You will not pretend to be an expert on handwriting?—A. No.

*By Mr. Ames:*

Q. Tell me if you believe it to be in the same handwriting?

The CHAIRMAN.—I suppose the committee can look at them and judge as well as the witness.

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*By Mr. Ames:*

Q. Those are the tenders put in by Perkins, Fraser & Gibson? I will ask Mr. Campbell this question: the tender put in by W. H. Nolan for 1,108, the tender put in by Perkins, Fraser & Burbidge for 1,048—

THE CHAIRMAN.—I don't think this is evidence.

Mr. MACDONALD (Pictou).—The original documents are before the committee.

*By Mr. Ames:*

Q. I will put the question in this way: You have in your hand, Mr. Campbell, the offer of Mr. W. H. Nolan for 1,108—

Mr. MACDONALD (Pictou).—The witness has said he is not an expert in handwriting, and, therefore, you ought not to ask him such a question.

THE CHAIRMAN.—Whether he can give evidence on the point or not I don't think the question of handwriting is relevant to the matter we are discussing.

Mr. AMES.—Well I am through with 1,048 unless any other members want to ask the witness in regard to it.

*By Mr. Macdonald (Pictou):*

Q. In the accompanying tender for 1,048 from Mutchenbacker Bros., they profess to enclose an amount; what is it, a cheque or cash?—A. The printed form says 'I enclose an accepted cheque' and above the word 'cheque' the word 'cash' is added.

Q. If you look at the top you will find a memorandum of it 'Reed. ch. \$2,500, cash \$10'?—A. Yes.

Objection raised by Mr. Ames to questions of this character on the ground that he had been debarred from eliciting similar evidence.

Mr. MACDONALD (Pictou).—I want to rebut any information that might be drawn from your own irrelevant testimony.

*By Mr. Ames:*

Q. Now we will take 1,049, Mr. Campbell. The lease is to whom—I want to ask you just one question, do you know who the Big River Lumber Company are?—A. I do not know anything about them except that their signature is to the license.

THE CHAIRMAN.—That is McBain's payment?

Mr. AMES.—Yes, John McBain.

*By Mr. Ames:*

Q. Timber Berth No. 1,049 is leased by the government to whom?—A. To John Henry Munson, of the City of Winnipeg.

Q. It is for 250 miles, isn't it, in 25 blocks?—A. Yes.

Q. It is north-west of Prince Albert, a second choice to 1,048, the same advertisement as for 1,048?—A. Yes.

Q. And the tenders were opened at the same time?—A. Yes.

Q. Will you turn to the letter—

*By Mr. Macdonald (Pictou):*

Q. Is that the current lease under which this rental is paid which we are investigating?—A. This is for the present year.

Q. For the present year?—A. Yes.

Q. We might as well get who was the lessee before.

*By Mr. Ames:*

Q. Will you turn to the preceding lease, who was that to?—A. To John Henry Munson, Winnipeg.

*The Chairman:*

Q. Isn't there a 'D' in his name?—A. It is John Henry Munson.



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*By Mr. Macdonald (Pictou):*

Q. Is it the same party?—A. Yes.

*By Mr. Ames:*

Q. Will you turn to the previous lease?—A. The license for the period from the 1st of May, 1905, to the 30th April, 1906, was in the name of John McBain, of the City of Ottawa.

Q. Now will you turn to the offer of John McBain, the original offer, you have there?—A. Yes, I have it.

*By the Chairman:*

Q. I thought Munson was the man who got the lease?—A. It was assigned to him.

*By Mr. Ames:*

Q. John McBain was the only tenderer in this case?—A. Yes.

Q. He tendered, will you read the letter please?—A (Reads)

'Ottawa, March 7, 1903.

'To the Secretary of the  
Department of the Interior,  
Ottawa.

DEAR SIR.—I beg to tender for Timber Berth 1,049 and enclose herewith marked cheque for bonus thereof.

Yours truly,

JOHN MCBAIN,  
461 Lisgar St., Ottawa.'

Q. There was no amount stated?—A. No.

Q. What does it say in the margin about the amount?—A. 'Received cheque \$1,000, 9-3-03 P.R. for Acct.'

Q. Two days afterwards, this tender was opened on the 7th of March, was it not?—A. Yes.

Q. And the memorandum is dated two days afterwards. Does it say whose cheque it was or on what bank?—A. No.

Q. Have you the envelope there?

Mr. MACDONALD (Pictou).—May I ask in regard to this question of the memo. with regard to the cheque being dated days after the bid was opened, does my friend attach any significance to that, because, if he does, I want to take the witness through the files to show that the receipt of the accountant does not, almost invariably, appear until two days afterwards.

Mr. AMES.—That is all right.

Mr. MACDONALD (Pictou).—Then why do you say a thing like that, making an insinuation?

Mr. AMES.—Not at all, I am merely proving the practice.

Mr. MACDONALD (Pictou).—That is an insinuation absolutely unwarranted in this particular case.

Mr. AMES.—I want to prove the practice—you have finished with what is on the margin of that bid, have you Mr. Campbell?—A. I have answered all the questions I was asked.

Mr. SPROULE contended that there could be no reasonable objection to asking the witness his opinion, as an officer of the department, in reference to the identity of the handwriting of several of the tenders.

Mr. MACDONALD (Pictou).—The witness has said he is not prepared to make any statement with regard to it or to express an opinion.

The CHAIRMAN.—How can that be connected with the two items we are investigating?

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Mr. AMES.—Supposing John McBain never wrote that bid at all, supposing he is a fictitious person altogether?

The CHAIRMAN.—That does not make any difference so far as this inquiry is concerned, the money has been paid, that is the question we are investigating.

Mr. AMES.—The question is, was the government making leases with fictitious persons.

The CHAIRMAN.—There is no suggestion of anything of that sort.

Argument followed.

*By Mr. Ames:*

Q. You said a moment ago you did not know who the Big River Lumber Company were?—A. No.

Q. Will you turn to a letter on the file dated 31st October, 1903.

Mr. MACDONALD (Pictou).—Is this with reference to timber berth No. 1049?

Mr. AMES.—I am going to take 1048 and 1049, they are inseparable, because one is the second choice of the other, you cannot separate them.

*By Mr. Ames:*

Q. You will find a letter dated 31st October, 1903, on their own paper, the paper of the Big River Lumber Company. Will you give such information as that paper gives as to the identity of the Big River Lumber Company?—A. The letter of October 31st, 1903, is signed by the Big River Lumber Company, 'William Hartley, Secretary-Treasurer.'

Q. And the post office box?—A. Post office box 17, Winnipeg, Man.

*By Mr. Bristol:*

Q. Is the name 'Hartley'?—A. It is 'Hartley,' apparently.

*By Mr. Ames:*

Q. You have the original file of No. 1031, have you, this morning?—A. No.

Q. Will you kindly glance at this (handing document to witness) and see if it seems to you to be the same party.

Mr. MACDONALD (Pictou).—Is this a matter of handwriting?—A. This is a copy of a letter of the 13th July, written from Winnipeg.

Q. Signed by whom?—A. And the signature 'The Imperial Pulp Company, Limited, per W. Haley.'

Q. Now, will you kindly consult the original and let us know whether the William Haley of the Imperial Pulp Company, and the William Hartley of the Big River Lumber Company, are one and the same person? There might be a mistake in the copying?—A. I will see whether it is the same name.

Q. You can see whether the original signatures are the same.

The CHAIRMAN.—How will you show that and whether this man's name is Hartley or not.

Mr. AMES.—It is just to see whether the two companies are practically the same.

The CHAIRMAN.—If it is the same secretary you will not prove it is the same company.

Mr. AMES.—Very well we can draw our own conclusions.

Q. Turn to a letter of August 19, 1905, and let us see who pays the rent on this berth 1048. Will you read the letter please?—A. Shall I read the whole letter?

Q. Yes, the whole letter.—A. (Reads):—

WINNIPEG, MAN., August 19, 1905.

G. U. RYLEY, Esq.,

Timber and Mines Branch,

Ottawa.

DEAR MR. RYLEY.—Enclosed please find cheque for \$1,247, which you will kindly have applied on ground rent on T. B. 1048, the Big River Lumber Company's limit.

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If you will send me a memo. I will send you a P. O. order for the balance. I am,  
Yours truly,

(Sgd.) THEO. A. BURROWS.

Q. To whom was the reply sent, the receipt and so on, on August 30, 1905?  
Kindly read that letter as well?—A. Read the whole letter?

Q. Yes?—A. (Reads):—

OTTAWA, August 30, 1905.

SIR.—I beg to acknowledge the receipt of your letter of the 19th instant, enclosing a cheque for \$1,217, which amount you ask to have applied as ground rental on berth No. 1048 held under license by the Big River Lumber Company.

In reply I am to say that the amount in question has been applied to this berth and pays the rental thereon for the current year with the exception of \$19.54. This balance due is made up of \$16.54 interest and \$3 balance of annual rental.

Please be good enough to forward this amount at an early date.

Your obedient servant,

(Sgd.) P. G. KEYES.

T. A. BURROWS, Esq., M.P.,

Q. The government you will see held Mr. T. A. Burrows responsible for the balance of the unpaid account.

Mr. MACDONALD (Pictou).—I object to any inference of that kind.

*By Mr. Ames:*

Q. Now take 1049. These are all intertwined. Who is J. H. Munson with whom you have a lease? Turn to a letter of 27th April, 1906?—A. On the file relating to 1049?

Q. Yes, it is on the file of 1049?—A. I don't see a letter of that date.

Q. If you cannot find it we will not waste time. Tell us who is paying the rent of J. H. Munson by turning to a letter of 28th August, 1905?—A. Yes.

Q. Will you read the letter, please?—A. (Reads):—

GRANDVIEW, MANITOBA, August 28, 1905.

TO THE SECRETARY,

Department of the Interior,

SIR,—Enclosed please find draft for \$1,250 to pay ground rent on timber berth 1049 for the current year.

I am, yours truly,

(Sgd.) THEO. A. BURROWS.

Mr. AMES.—Now, we will go on with the next one unless any other member of the committee wants to ask the witness about 1048 and 1049.

*By Mr. Macdonald (Pictou):*

Q. I notice that Mr. Ames asked you as to the significance of the fact that in the tender for 1049 the receipt of the accountant indicated that it was put on there two days after the date for opening bids. From your experience in the department would you regard that as of any significance in comparison with other letters?—A. No, no significance at all.

Q. Have you got anybody in your department whose business it is to keep track of the relationship of every applicant for a timber limit to the other applicants?—A. No.

Q. You have no book which you, as an official of the department, could consult in order to ascertain whether the man to whom a lease is assigned is related in any way to an official of the department or to the party who gave him the assignment?—A. No.

Q. How long have you been in the department?—A. About 20 years.



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Q. In that time has there been any standard expected of any official by either government or the party, as to his looking into the personality of an applicant for any kind of rights? Do you not regard the question of the money being put up as being a sufficient guarantee?—A. As far as I know there has been no other practice.

Q. Is there any other test which you can apply in working out the affairs of the department than that the man goes there with the money to pay for his application, bonus or rental as the case may be?—A. I don't see how there could be any.

Q. In your twenty year's experience of dealing with public affairs is there any other test which you could apply than that the party is able to pay his way and comply with the regulations?—A. Not as far as I can see.

*By Mr. Ames :*

Q. Timber Berth No. 1068—I will take 1068, 1099 and 1192. The lease for No. 1068 is with whom?—A. T. A. Burrows of the city of Winnipeg.

Q. And the area is what, and the location?—A. The area is five and a quarter square miles and the location is in Township 55, Range 5, west of the 5th meridian, in the Edmonton district.

Q. Will you turn to the advertisement and give us the date that it is issued and the date of the opening of the bids?—A. It was issued on May 14, 1903, and the tenders were to be opened on June 24, 1903.

Q. Yes, now turn to the tender of Mr. Burrows and read the same?—A. (Reads) :

To the Secretary,  
Dept. of Interior.

June 25, 1903.

SIR,—Enclosed please find tender of bonus for license to cut timber on berth 1068 on Isle Lake in the District of Saskatchewan.

THEO. A. BURROWS,  
Winnipeg.

Q. There is no amount stated?—A. No.

Q. What would be the amount of the tender, then?—A. The memorandum said, 'Received cheque, \$400, June 24, 1903, for account.'

Q. Will you turn to the schedule and show who the other tenderers were?—A. (Reads) :—

'Timber berth 1068, name of grantee, T. A. Burrows, Man.; name of applicant, T. Irvine; name of tenderers, T. A. Burrows, \$400, McHugh Bros, \$310, John Walter, \$300, Bouchier & Powell, \$126.'

Q. Now turn back to Mr. Burrows' tender, it is in handwriting?—A. Yes.

Q. Written by Mr. Burrows himself?—A. I presume so.

Q. On the paper of the Department of the Interior?—A. Yes.

Q. And it was enclosed in a departmental envelope?—A. Yes.

Q. And it is written on the same day the tenders were opened?—A. Yes.

*By Mr. Macdonald (Pictou):*

Q. Is there any memorandum on the envelope to show when it was received?—

Mr. BURROWS.—Mr. Ames has been talking about the value of these timber limits. If he wants that limit I will sell it to him for 25 cents if he will pay the ground rent to the government of \$25 a year.

The CHAIRMAN.—This is not a timber exchange.

*By Mr. Macdonald (Pictou):*

Q. What did you say about the date, and the time?—A. About the date the tenders were opened?

Q. No, the time on the envelope?—A. (Reads) :—

'Received June 24, 1903, 11.45.'

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Q. There is no significance connected with the fact that the tender was enclosed in the departmental envelope: is it a fact that you have envelopes which are available for tenders to put their tenders in with the endorsement on them, 'Tender for timber berth'?—A. Yes.

Q. This was an ordinary departmental envelope?—A. An ordinary departmental one.

*By Mr. Ames:*

Q. With the crest of the Department of the Interior upon it, it was not one with 'tender for timber berth' on the outside such as is ordinarily used?—A. No.

*By Mr. Macdonald (Pictou):*

Q. Would you, as an officer of the department regard it as having any significance as to which envelope is used?

Mr. BRISTOL.—I object to the witness giving an opinion on a matter of that kind, it is not evidence.

Mr. MACDONALD (Pictou).—My friend (Mr. Ames) suggests significantly, as he always does, that it was a significant fact that this tender was enclosed in a departmental envelope. I am asking Mr. Campbell whether, as a responsible officer of the department, he would regard that as a matter which would impel him or any other official to make an inquiry?—A. No.

*By Mr. Ames:*

Q. Now, we will take No. 1,099, Mr. Campbell. Tell me the area of that berth and to whom the lease was given?—A. To Theodore A. Burrows of the City of Winnipeg.

Q. And the area and location?—A. 45.32 square miles on the Athabaska River.

Q. And Brule Lake?—A. And Prairie Creek.

Q. Now will you turn to the advertisement?—A. Do you want the date?

Q. When was the advertisement issued and when were the tenders to be opened?—A. The advertisement is dated September 15, 1903, and the tenders are to be opened on the 28th October, 1903.

Q. Well, as a matter of fact, were they opened on the 28th October, 1903?—A. I don't know.

Q. I think you will find there was a postponement until the 11th of November, 1903. However, that will come out when we get to the bids. Will you tell us who were the bidders and the amounts?—A. Do you want it from the Return?

Q. From the Return will do. (Reads)

'Timber Berth No. 1,099, name of grantee, T. A. Burrows; address of grantee, Winnipeg, Man.; name of applicant, J. M. Young; name of tenderers, T. A. Burrows, \$6,500; J. W. Blain, \$3,300; J. Thompson, \$5,116.'

Q. Now, turn to Mr. Burrows' tender and read it?—A. (Reads)

OTTAWA, November 11, 1903

'The Secretary,

Department of Interior,  
Ottawa.

SIR.—Enclosed find tender Timber Berth 1,099, containing 44 square miles on the Athabaska River and bonus for same amounting to \$6,500.'

Q. And the cheques, what were they?—A. The endorsement on the side is 'Received cheque \$3,500, cheque \$3,000. Total \$6,500, 11-11-03 P.R. for Acct.'

Q. From that you would judge they were opened on the 11th November, 1903; as a matter of fact the correspondence shows that they were postponed. That is all I have for that. Now we will take No. 1192, the lease for that is with whom?—A. —With Theodore A. Burrows, of the City of Winnipeg.

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Q. What is the area and the location?—A.—50 square miles in Townships 58, 59, 60 and 61, ranges 7 and 8 west of the 5th meridian, the Edmonton district.

Q. When was the advertisement issued and when were the tenders opened?—A. 28th October, 1904, is the date of the advertisement and tenders were to be opened on the 7th December, 1904.

Q. How many bids were there and the amounts?—A. (Reads)

‘Timber Berth No. 1192, name of grantee, Theo. A. Burrows, address of grantee, Winnipeg, Man.; name of applicant, F. L. Grantham, names of tenderers, Theo. A. Burrows, \$5,000; J. Walter, \$5,060; H. McDonald, & C. G. Frith, \$551.

Q. Now what is on the margin with reference to the cheque?—A. The cheque with the tender?

Q. Yes, read the letter of Mr. Burrows first.—A. That is one of those letters that was sent down to the house in 1906, I think. Do you want Mr. Burrows’ tender read?

Q. Just read Mr. Burrows’ tender?—A. (Reads):—

OTTAWA, December 7, 1904.

SIR,—I hereby offer a bonus of five thousand five hundred dollars for a timber berth of fifty square miles, situated in the north half of township 58, and all of townships 59, 60 and 61 in ranges 7 and 8, west of the fifth meridian, being timber berth No. 1192, for which public competition is being invited, and I enclose an accepted cheque on the Bank of Ottawa for \$5,500, being the amount of said bonus.

I undertake to comply with all the conditions of the timber regulations.

I have the honour to be, sir,

Your obedient servant,

(Sgd). THEO. A. BURROWS.

The Secretary of the  
Department of the Interior,  
Ottawa.

Q. Is that on the form of the Department or is it a written offer?—A. It is on the regular form.

Q. And the cheques are—A. There is a memo. ‘Recd. cheque \$3,000, cheque \$2,500, total \$5,500. 7-12-04. P. R. for Acct.’

Q. Is there anything on the envelope?—A. Well, the envelopes are all three together under the three tenders, I cannot distinguish them.

Q. Very well, let that go. Now take timber berth 1121. Who is the lease for that between?—A. Theodore A. Burrows, city of Winnipeg.

Q. And the government? Now turn back to the advertisement, please, and tell me the area?—A. The area is 50 sq. miles.

Q. And the locality?—A. Townships 36 and 37, range 29, west of the first meridian. It would be up in the northern part of Manitoba.

Q. Who are the bidders and what are the amounts of their tenders?—A. For 1121.

Q. Yes, give me the information from the return?—A. (Reads):—‘Name of grantee, W. H. Nolan, Montreal; name of applicant, Theo. A. Burrows; names of tenderers, W. H. Nolan, \$6,000; T. A. Burrows, \$5,500; K. McDonald, \$5,350; Mackenzie, Mann & Co., \$3,000.’

Q. The successful tenderer was in this case?—A. W. H. Nolan.

Q. W. H. Nolan you say originally got it?—A. Yes.

Q. Will you turn to the transfer by which Nolan gave this to Mr. Burrows and see on what date the transfer was made, not the date when it was recorded, but the date when it was made?—A. 27th January, 1904.

Q. Was that the same date on which the tenders were opened?—A. Yes.

Mr. AMES.—That is all I have on that point, Mr. Chairman.

Mr. TURRIFF.—Mr. Chairman, as my name has been mentioned and certain inferences have been endeavoured to be drawn in connection with it, and as I have been



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waiting here several days expecting to be called and have not been called, I would like to be heard next Tuesday, the first meeting of the committee after to-day.

Witness retired.

Committee adjourned.

TUESDAY, March 17th, 1908.

The committee met at 11 o'clock a.m., the Chairman, Mr. Clarke, presiding, and proceeded to the further consideration of two payments of \$1,069.42 and \$1,174.10 to the Department of the Interior, in connection with timber agencies at Edmonton and Calgary by Perkins, Fraser & Gibson, as set out at page L—98, report of the Auditor General, 1906-7.

Mr. A. W. FRASER, called and sworn and examined.

*By Mr. Macdonald (Pictou):*

Q. You are a barrister-at-law?—A. I am.

Q. Are you a K. C.?—A. I am.

Q. You practise in Ottawa?—A. I do.

Q. What is the name of the legal firm with which you are connected?—A. At present it is Perkins, Fraser & Gibson.

Q. How long has that firm existed?—A. I cannot just tell you.

Q. So far as your connection with it is concerned?—A. I went into partnership with Mr. Perkins in 1887 and there have been one or two changes since. Mr. Burbidge was in for a while, and then it was Perkins, Fraser & Burbidge. Subsequently it was Perkins, Fraser, Burbidge & Gibson. Now it is Perkins, Fraser & Gibson. The dates I cannot just offhand tell you.

Q. And during all that time you have been practising in Ottawa?—A. I have.

Q. During those years, Mr. Fraser, have you had occasion to tender for timber limits and other rights in the Interior Department since 1887?—A. I have.

Q. For a few people or numerous people?—A. I have acted for a number of clients, I could not offhand say how many who were tendering, perhaps some eight or ten.

Q. During all those years, I suppose?—A. During those years.

Q. You and your firm?—A. The firm, of course, received the instructions.

Q. Yes, certainly?—A. I am speaking in my capacity as a member of the firm.

Q. You know Mr. Burrows, the present member for Dauphin?—A. I do.

Q. You knew him before he became a member of this House?—A. I did.

Q. For a number of years before, I assume?—A. Yes, quite a number, I cannot just tell you when I met him first.

Q. And did you act for him in connection with applications for timber rights in various portions of the Northwest?—A. I have acted for him.

Q. You have also personally applied for and obtained timber rights in the Northwest for yourself and associates?—A. Yes, I have.

Q. And you are familiar with the practice in relation to the obtaining of these rights as it has been followed in the Interior Department down to last year?—A. So far as it came under my own notice I am.

Q. Have you got your subpoena there, Mr. Fraser?—A. I have three of them (producing subpoenas).

Q. You are subpoenaed here, Mr. Fraser, to give some information in regard to certain payments of timber dues which are mentioned in the Auditor General's report of 1907 and 1906?—A. So the subpoena stated.

Q. And the first one I find here is \$1,390 set out on page L—98 of the report of

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the Auditor General for the fiscal year ended 31st March, 1907. Did you make the payments of these rentals?—A. They were not payments for rentals.

Q. They were not for rentals?—A. They were payments made for two different timber berths, 1281, \$5,195, and timber berth 1282, \$5,195.

Q. That is timber berths 1281 and 1282?—A. Yes.

Q. For whom did you make these payments?—A. I made the tender on behalf of O. A. Robertson.

Q. Who was that gentleman?—A. I think his home is in Minneapolis or St. Paul. He is a member of the Red Deer Lumber Company.

Q. He is a man who is engaged in the lumbering in the Northwest?—A. He is engaged in lumbering.

Q. You made that tender for him as solicitor, I suppose, in the ordinary course of business?—A. I made that as solicitor.

Q. Then there is another item of \$1,174.10 paid as head office dues, Calgary. What was that payment for?—A. Well, I have not the payments divided in my books in the form in which they are divided in those questions. I suppose that was divided by the Auditor General according to the liabilities. I made one payment to the department which covers the three items referred to in these subpoenas.

Q. Yes?—A. The items were \$1,174.10, \$1,069.42 and \$357.34, aggregating \$2,600.86. A statement of these payments is here with the one cheque for the whole amount. You can see the statement if you desire.

Q. You may as well take all, that cover these different berths?—A. I will give the numbers of the different berths if you wish it. Berth 1,118, \$510.48; 1,119, \$102.09; 1,122, \$561.53; 1,031, \$603.64; 1,052, \$12.76; 1,058, \$12.84; 1,068, \$26.80; 1,097, \$102.09; 1,098, \$311.29; and 1,108, \$357.34. I might perhaps, so that you would understand it, say that the odd amounts are made up with interest having been charged on the payments that were in arrears for dues.

*By Mr. Ames :*

Q. Making what total?—A. The total was \$2,600.86.

*By Mr. Macdonald (Pictou):*

Q. Take berths Nos. 1118, 1119 and 1122, do you know in whose name those berths stand?—A. I made the payments on behalf of the Imperial Pulp Company.

Q. Are you a member of the Imperial Pulp company?—A. I have no interest in it whatever.

Q. Do you know who the people connected with the Imperial Pulp Company are, Mr. Fraser?—A. I know some of them.

Q. Will you kindly tell us who they are—to your knowledge?—A. Well, under ordinary circumstances, I would decline to answer that because I have my information in a professional way, but I have received authority from my clients to answer the question; so far as my knowledge goes the principal members of the company are Sir Daniel McMillan, who is the president, Mr. Theodore A. Burrows, and Mr. Pattinson, the secretary.

Q. Those are the principal members of the company?—A. Those are the only ones I know of outside of the charter members whose names appear in the application for incorporation, but whether they are members now or not, I do not know.

Q. Have you looked up the list of incorporators?—A. Yes, I have looked up the list of incorporators.

I now show the witness the report of the Secretary of State for the year 1903, containing the synopsis of the letters patent incorporating the Imperial Pulp Company (Limited); that is to be found in the regular blue book for that year.—A. In the sessional papers for 1904.

Q. I see that this information is to be found there: the company was incorporated on December 29, 1902, amount of capital stock, \$90,000, number of shares, 900, amount of each share, \$100, corporate members: James Houston Spence, Esq.;

Maria Lynch, spinster; James Russel Lovitt Starr, Esq.; Andrew Wentworth Hunter, Esq., and William David Percy Hardisty, Esq., all of Toronto. You have heard or knew of some of these gentlemen, Mr. Fraser, Mr. Starr, for instance?—A. Some of them are lawyers in Toronto.

Q. Here I would like to ask you, you are familiar with the practice of lawyers obtaining letters patent for joint stock companies?—A. Yes.

Q. I notice that these gentlemen who took out the letters patent were members of the bar, is there anything unusual in that?—A. No, it is a common practice in the incorporation of companies by letters patent to arrange for members of the firm, or, sometimes employees of the firm, or, sometimes, other parties who can conveniently meet after the charter is granted for organization purposes. For organization meetings it is desirable usually to have all the provisional directors present, and very often the clients desire to have parties mentioned in the charter who can conveniently meet for the purposes of organizing. It is a common practice by most of the firms who are carrying on company work.

Q. All over this country that is the case?—A. All over Ontario, I am not speaking for other provinces.

Q. Is there any idea of secrecy involved in the fact that the letters of incorporation are taken out in that way? Or is it only that it is done for the purpose of facilitating the business of incorporation?—A. As a general rule it is for the purpose of facilitating organization, and as a matter of convenience. I do not know what it is done for in a particular case.

Q. That is understood by the bar?—A. That is understood by members of the profession.

Q. I have mentioned to you three limits, timber berths, that you made these payments on for the Imperial Pulp Company. Will you please tell me the other ones?—A. 1031, 1052, 1058, 1097, 1098 and 1108.

*By Mr. Ames:*

Q. Did you mention No. 1068?—A. No. 1068 was paid in on behalf of Mr. Burrows.

*By Mr. Macdonald (Pictou):*

Q. We will take them up in the order in which Mr. Fraser spoke of them. You spoke of having paid the dues, Mr. Fraser, upon No. 1118, I have here in my hands the original papers in connection with that berth, including the tender; will you just look at these papers, Mr. Fraser?—A. Well, before going into this matter I should like to know just how far you intend to carry this examination? My consent from my clients was for the purpose of telling who were parties to the transaction and not for the purpose of going into the whole of the legal business I carried on for these people and I would like to know just where I stand before this committee in regard to that matter.

Mr. MACDONALD (Pictou).—I want to get a good deal of information from you, Mr. Fraser, and in so far as the committee will not obstruct me, I am going to endeavour to get it.

THE ACTING CHAIRMAN.—You have said, Mr. Macdonald, in the beginning, that if there is any communication as between solicitor and client you did not propose to invade that. Whatever the permanent chairman may do I would certainly rule it out if called upon to give a ruling; I would want, however, to give a ruling on that, I would prefer it should come up when the chairman (Mr. Clarke) is in the chair.

Mr. MACDONALD (Pictou).—I was going to say that I do not intend asking any questions as to what took place between solicitor and client. Mr. Fraser misapprehended the object of my question.

Mr. BRISTOL.—Mr. Fraser, has, of course, made certain payments on behalf of clients, and his clients, he says, have given leave to him to give certain information here. Now, if my hon. friend (Mr. Macdonald) desires to go into the whole question



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of the timber limits which are held by the Imperial Pulp Company, and by Mr. T. A. Burrows, and all matters connected with it, there is nothing that would suit us better, so long as it is understood that we are to be allowed to follow it up and investigate it as fully as we can before the committee. But I do not want Mr. Fraser to be allowed to make what I would say, and very properly say, was a statement for the Imperial Pulp Company, a statement for the defence, without us having the very fullest possible opportunity to cross-examine and call witnesses on the other side.

Mr. MACDONALD (Pictou).—This has arisen from a misunderstanding of the object in asking the question. By consent of the committee, Mr. Ames has been allowed to go back to the tender, the chairman laying down certain limitations with regard to the examination upon them. I am simply showing Mr. Fraser tenders which were shown to Mr. Campbell, they are in his handwriting, apparently and I am going to ask him about it.

Mr. BRISTOL.—We raise not the slightest objection to that.

Mr. AMES.—As long as the privilege is accorded us afterwards of doing the same thing.

*By Mr. Macdonald (Pictou):*

Q. Is that in your own handwriting (exhibiting document)?—A. It is.

Mr. BRISTOL.—Cannot you identify it?

THE WITNESS.—It is a letter dated Ottawa, December 2nd, 1903.

*By Mr. Macdonald (Pictou):*

Q. And signed 'W. H. Nolan'?—A. Addressed to P. G. Keyes, Secretary of the Department of the Interior and signed W. H. Nolan.

*By Mr. Reid (Grenville):*

Q. Read it please?—A. (reads)

Ottawa, Dec. 2, 1903.

P. C. KEYES, Esq.,

Secretary Dept. of Interior,  
Ottawa.

DEAR SIR.—I desire to tender for Timber Berth No. 1108 (Moose Lake) and enclose herewith \$7,000 bonus as per advertisement.

Yours truly,

(Sgd.) W. H. NOLAN.

Mr. BRISTOL.—You will notice that is a tender for Timber Berth No. 1108.

Mr. MACDONALD (Pictou).—No. 1118 is what I intended to start with.

THE WITNESS.—I beg your pardon, that is what was handed to me.

Mr. MACDONALD (Pictou).—I took the paper that was handed to me by the clerk.

THE WITNESS.—I would like to ask, Mr. Chairman, before this goes very far, to what extent the privilege of solicitor goes in these matters. I have no objection to telling any information I have to the committee, the only thing is I want to preserve the rights of a solicitor and preserve my rights in that regard.

Mr. BRISTOL.—That is the reason we were not calling you this morning. We can get the information which you can give us from Mr. Pattinson. We preferred to take it from the client. We were doing that out of professional courtesy.

Mr. MACDONALD (Pictou).—You can get it out of Mr. Burrows.

Mr. BRISTOL.—That is quite true, but I did not happen to know until this morning of Mr. Burrows being connected with the matter.

Mr. MACDONALD (Pictou).—The hon. gentleman is remarkably ignorant considering that he frequently insinuated that Mr. Burrows is a member of the company.

*By Mr. Macdonald (Pictou):*

Q. I wanted to take these timber berths up in the order in which you have already given us the evidence upon. Do you know in whose handwriting that is (exhibiting

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document?—A. That resembles Mr. Nolan's handwriting. I would not say positively. I am not an expert in handwriting.

*By Mr. Bennett?*

Q. We did not hear your reply to that question?—A. I say this resembles Mr. Nolan's handwriting, but I am not an expert in handwriting. What is referred to is a letter reading as follows (reads):—

MONTREAL, January 19, 1904.

THE SECRETARY,  
Department of the Interior,  
Ottawa.

DEAR SIR—I beg to tender for timber berth No. 1118 and herewith enclose \$500 which I offer as a bonus for same.

Yours truly,

(Sgd.) W. H. NOLAN.

*By Mr. Macdonald (Pictou):*

Q. There is also a letter signed by your firm?—A. There is this letter (reads):—

OTTAWA, January 20, 1904.

THE SECRETARY,  
Department of the Interior,  
Ottawa.

DEAR SIR.—On behalf of Mr. Theodore A. Burrows we beg to tender for timber berth 1118 and enclose herewith \$400 bonus for the same.

Yours truly,

(Sgd.) PERKINS, FRASER, BURBIDGE & GIBSON.

Q. Was the last document written in your office?—A. Yes, it is on our paper, and I signed the firm's name to it.

Q. Please look at that document (exhibiting document). That is the tender of W. H. Nolan for berth No. 1119. Do you recognize that as Mr. Nolan's writing?—A. It resembles his writing, that is as far as I am prepared to go.

*By Mr. Ames:*

Q. Have you Mr. Burrows' tender there for 1119?—A. I have not the papers. Mr. Macdonald has them.

Mr. MACDONALD (Pictou).—The reason I did not ask him about this other tender was because it was not put in by Perkins, Fraser & Gibson, but by Mr. Burrows personally.

Mr. AMES.—It is only fair if you put in both tenders for 1118 that you should do the same in the case of 1119. I want Mr. Burrows' tender for 1119 put in as well as Mr. Nolan's.

Mr. MACDONALD (Pictou).—I have no objection except that this witness cannot speak for it. Moreover, it is already on record.

Q. Do you recognize Mr. Burrows' handwriting (exhibiting document)?—A. That resembles Mr. Burrows' handwriting.

*By Mr. Ames:*

Q. Do you know Mr. Burrows' handwriting, do you say that is it?—A. It resembles it.

Q. Is there anything but his signature?—A. It is a departmental form. The disposition for. The number of the berth is in figures and the mileage is in figures written in, and it says 'Between Sheep Creek and Clear Water river on the North Saskatchewan.' Then there is—

Q. There is no amount stated?—A. Except where it is endorsed on the margin.

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*By Mr. Macdonald (Pictou):*

Q. What is endorsed on the margin?—A. Recd. cheque for \$500, F. L.' 'Received cheque for \$500, Theo. A. Burrows, 27-01-4,' and 'J. G. T.' in pencil. Then there is a departmental stamp on the bottom.

Q. The other tender was the highest?—A. I don't know what tenders were the highest.

Q. The other tender was the highest of the two?—A. Of course two tenders, one is \$600 and the other \$500, but there might have been other tenders.

Mr. AMES.—We notice witness tendered in the name of W. H. Nolan and there was another tender by T. A. Burrows in his own handwriting.

The WITNESS.—As to Mr. Burrows' signature, I am not an expert in handwriting.

*By Mr. Macdonald (Pictou):*

Q. I went into this because Mr. Ames wanted information about Mr. Burrows' tender. Now, Mr. Fraser, I want to direct your attention to No. 1122. I am showing witness a tender addressed to the secretary of the Department of the Interior for limit No. 1122. Will you read that please?—A. (Reads):—

'OTTAWA, Ont., Jan. 27th, 1904.

'The Secretary,  
'Department of Interior,  
'Ottawa.

'DEAR SIR,—I beg to tender for Timber Berth No. 1122, and enclose herewith \$11,000.00 bonus on same.

'Yours truly,

'A. W. FRASER.'

It is endorsed on the margin in some other handwriting, 'Recd. ck. \$6,000, ck. \$5,000, \$11,000, 27/1/04 P.R.,' I think it is, 'for Acct.' and then 'Copy for Return to Parliament.'

Q. Was that tender put in in your own behalf or was it in behalf of clients?—A. It was put in on behalf of clients—what was the number again?

Q. 1122. Was there anything irregular in regard to the making of that tender, its delivery to the department, or in the allotment of the berth by the department to you or your client?—A. Nothing, so far as I am concerned.

Mr. BOYCE.—Who were the clients?

*By Mr. Macdonald (Pictou):*

Q. Who were your clients in this case?—A. I received instructions from Mr. Burrows in that case, and it was subsequently turned over to the Imperial Pulp Company. I do not remember whether it was turned over first to Mr. Burrows and then to the Imperial Pulp Company, or whether it was turned over direct.

Q. That is, Mr. Burrows instructed you as to the amount of the tender in that case, you made out the tender accordingly, I presume that is what you mean by 'instruction'?—A. Are you not invading the privileges of a solicitor now, when you want to know what my instructions were?

Q. Perhaps I am. It is sufficient for my purpose that Mr. Burrows instructed you to make the tender. Now, we will take No. 1031.

*By Mr. Reid (Grenville):*

Q. He did not say what the instructions were, did he?—A. I received instructions, but I object to going into what the instructions were; that comes very clearly within the privilege of solicitors.

Mr. SPROULE.—I would like to say, as a member of the committee for some time, that there is no such thing as the 'privilege of a solicitor' before this committee,



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nevertheless. That question has been argued out many years ago, and we have gone so far even as to report to the House and have a witness brought before the bar of the House and compelled to answer questions.

The CHAIRMAN.—Have they ordered a solicitor to answer and tell what took place between him and his clients?

Mr. SPROULE.—The witness has no right to refuse to answer any question put to him by a member of the committee for the purpose of eliciting information.

The CHAIRMAN.—Has that precise case been ordered by parliament? However, it is only an academic question now, it is not pressed.

*By Mr. Macdonald (Pictou):*

Q. There are certain other limits you mention upon which you paid timber dues, and I would like to ask you generally whether you had anything to do with the tenders for them originally, that is No. 1031, 1052, 1058, 1068, 1097 and 1099? Did you have anything to do with the tenders for these, and the giving of a bonus originally?—A. I could not tell you from memory, but if you will let me have the papers I can tell you; I do not pretend to remember transactions occurring four or five years ago. If you will produce the papers I will look at them and see if there is anything, but I have no recollection of having done anything. At the same time, I am not going to pledge my oath without having the papers before me.

Q. Now, we will come to 1108. I am showing you, for the information of the committee in regard to 1108, a letter which purports to be signed by 'A. W. Fraser' on the paper of Perkins, Fraser, Burlidge & Gibson, will you just look at that letter and read it?—A. (Reads):

'OTTAWA, December 2, 1903.

'The Secretary,

Department of Interior, Ottawa.

DEAR SIR,—I beg to tender for Timber Berth No. 1108, in the District of Saskatchewan, surrounding Moose lake, and enclose herewith \$1,000 bonus for the same.

Yours truly,

A. W. FRASER.

And there is received cheque \$1,000, F. L.'

Q. Will you now read that (indicating document)?—A. (Reads):

'OTTAWA, December 2, 1903.

'P. G. KEYES, Esq.,

Secretary, Dept. of Interior,  
Ottawa.

DEAR SIR.—I desire to tender for Timber Berth No. 1108 (Moose lake), and enclose herewith \$7,000 bonus as per advertisement.

Yours truly,

W. H. NOLAN.'

Then there is the endorsement on it.

Q. Do you know Mr. W. H. Nolan, Mr. Fraser?—A. I do.

Q. You know this gentleman whose name appears here in this tender?—A. Yes.

Q. Perhaps you may tell, for the information of the committee, who Mr. Nolan is, and what your connection or relation with him is?—A. Mr. Nolan is a client of mine who lives in Montreal, he has been a client for about twelve or fifteen years, I could not tell you offhand how long; he carries on a machinery business in Montreal.

Q. Yes, I see some of his letters here headed 'Canada Machinery Company.'—A. 'Canada Machinery Agency.' I think it is.

Q. Well, now, I notice here,—first I direct your attention to the letter signed by yourself offering \$1,000 for this berth, and I might be permitted to call to your

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mind the fact that, in this case, you asked that this berth might be put up for tender, in the first instance, that is berth No. 1108?—A. I believe I did.

Q. Well, now, perhaps you will just tell in detail, in so far as it is possible for you to do so, the circumstances in connection with the putting up of this berth for tender, and these two tenders that are here.

Mr. BRISTOL.—Mr Chairman, there is happening now, just what we outlined would happen all along—counsel for people who have got timber berths is now asked to make a statement before this committee, not in relation to any payments he has made, or the legality of any tender, but an *ex parte* defence on behalf of the people who have obtained these berths. We have no objection to that provided we are going to be able to call all the witnesses we desire in regard to this transaction. What is going on now is virtually what we have asked for in the House and that is an investigation into these tenders, and we are only too glad to have this investigation go on, but we want to be permitted the fullest rights of cross-examination in regard to this witness and the other witnesses.

Mr. MACDONALD (Pictou).—I was asking this witness a question in regard to a certain phase of the question, but if my friends object—

The CHAIRMAN.—I do not think you ought to go beyond what has already been brought out; that is the tenders that have already been put in.

WITNESS.—I have not been subpoenaed for that purpose, I have not qualified myself for this examination.

Mr. BENNETT.—We are simply asking the chairman if he will allow a cross-examination afterwards.

Mr. AMES.—We are simply asking that the same privilege be accorded to both sides. There may not be the slightest objection, but we are simply calling attention to the fact in the fullest confidence in your fairness, Mr. Chairman.

The CHAIRMAN.—I do not want the inquiry to be widened; as far as I am concerned I do not think we are here to try everything that is brought up in the House. My idea in going into the tenders the other day was that they might throw some light upon the question of the ground rent, which is the question we are investigating here, and no other question than the ground rent, but we found that the tenders will not throw any light upon the amount of the ground rent, which is uniform, they deal only with the bonus. I do not think we are here to investigate the amount of the tenders. That was in the Auditor General's Report of three or four years ago and is not referred to us at all. I think what ought to be done is to deal with the tenders only so far as they affect the question of ground rents. This matter has gone a little further, referring to two or three cheques being put in or items of that sort; I think that is as far as we have gone. The witness ought to be allowed to speak of it, but I do not think we should extend the investigation any further.

*By Mr. Macdonald (Pictou).*

Q. There is one question which, I think, in view of your ruling, Mr. Chairman, we should ask this witness, as to this tender of Mr. Nolan's which apparently is in Mr. Fraser's handwriting, as to whether it was written with authority or not?—A. Yes, I had Mr. Nolan's authority.

Q. For writing that tender, and that is your handwriting?—A. I had his authority to put in a tender in his name.

Q. And that is in your handwriting?—A. That is in my handwriting.

Q. Was that authority in writing?—A. I had it verbally and I had it in the form of a letter.

*By Mr. Boyce:*

Q. Was it prior to the date of the tender?—A. Some time prior to that but not especially with regard to that particular tender. I had authority to put a tender in

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where I could not use my own name conveniently or was not anxious to do so, to put a tender in in his name.

Q. You were not authorized to bid on his behalf but in his name, is that it?—A. I was to put the tender in in his name in tendering for another client.

*By Mr. Macdonald (Pictou):*

Q. I was going to ask whether this particular tender of \$7,000 was for Mr. Nolan's benefit?—A. I think we are getting beyond.

MR. BRISTOL.—The witness has spoken of having Mr. Nolan's authority to put a tender in in his name. That authority must be produced before this committee. We cannot accept the statement of the witness as to what occurred five years ago and I would like to have that authority produced.

MR. MACDONALD (Pictou).—I have no objection to the authority being produced.

THE WITNESS.—I have not the authority here and question if, at this stage five years afterwards, I would be able to find it, but Mr. Nolan will easily verify whether my statement is correct if you so desire. I very much doubt if I can find the letter at this particular time because it would be a personal letter and I have not kept my personal letters on the file the same as the firm's letters are kept.

Q. You had authority from Mr. Nolan to write that document?—A. Unquestionably I had authority.

Q. The tender of A. W. Fraser for \$1,000 was for yourself and associates?—A. Yes. I must object again. You are going back to matters I have not been subpoenaed here for and I have not qualified myself to give evidence on these matters to-day. While I have no objection to disclosing the information it may turn out if you go on examining me—I speak upon a recollection of matters of five years ago—that my recollection may not be accurate. While it is accurate as far as I have answered I wish to have the necessary protection in this committee.

MR. MACDONALD (Pictou).—I have no desire to trespass upon any rights and privileges. I simply want to ask you some questions in regard to these documents that are here apparently in your handwriting. I am showing to the witness now the tender for 1048 which he may read.

THE CHAIRMAN.—Is that the tender that was accepted?

MR. MACDONALD (Pictou).—Yes.

THE CHAIRMAN.—That is one that has been put in before.

*By Mr. Macdonald (Pictou):*

Q. Just read the tender for 1048?—A. (Reads).

Ottawa, Ont., March 6, 1903.

The Secretary,

Dept. of Interior,  
Ottawa.

DEAR SIR.—On behalf of Wm. Cowan, of Prince Albert, we beg to tender for Timber Berth No. 1048 and enclose herewith cheque for bonus for same.

Yours truly,

(Sgd.) PERKINS, FRASER & BURBIDGE.

MR. BOYCE.—What does the letter say, cheque for bonus for how much?

MR. MACDONALD (Pictou).—Cheque for bonus for same.

THE WITNESS.—The amount is not mentioned. It is endorsed on the side 'Recd. ck. \$5,000.'

*By Mr. Macdonald (Pictou):*

Q. Did you enclose a cheque for \$5,000 in that?—A. I dare say I did that. I have no distinct recollection of the transaction, but I presume whatever the amount was received was the amount enclosed. The cheque was, I imagine, furnished by the parties to me.



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*By Mr. Boyce:*

Q. The tender is in your handwriting?—A. It is in my handwriting.

*By Mr. Macdonald (Pictou).*

Q. This is a tender for Berth 1049, you may read it (exhibiting document)?—A. I would like to know how this comes in under my examination. I have not been subpoenaed to give any evidence on this.

Mr. MACDONALD (Pictou).—I am asking this on the suggestion of Mr. Ames.

Mr. BRISTOL.—I gave you the opportunity of leaving this morning?—A. I had my coat on and was turned back. Mr. Chairman, I have been subpoenaed to give evidence regarding certain items appearing in the Auditor General's Report and I would like to know in what way these items are connected with this transaction, and in what way I am compelled to give evidence on this.

*By the Chairman :*

Q. Do you say that these matters upon which you are being questioned are not included in your subpoena?—A. I was asked to give evidence with regard to certain items which the summons, if you will let me see it, said referred to 1,049, but which I did not pay into the department.

*By the Chairman :*

Q. Of course, now you are here—A. The summons was to give evidence regarding a payment of \$1,250 and at the bottom is endorsed 'T.B. 1,049.' I did not make that payment. I had nothing to do with the making of that payment of \$1,250.

*By Mr. Macdonald (Pictou) :*

Q. In this matter we only want to know whether this tender is in your handwriting?—A. That is my handwriting.

*By Mr. Bristol :*

Q. You had better read it then?—A. Apparently my objections seem to—

The CHAIRMAN—About your objections. If you are taken by surprise—

Mr. AMES—If you will refer to page 29 of the minutes you will see that Mr. Fraser has been summoned to give evidence respecting a payment of \$1,250 to the Department of the Interior by John McBain.

THE WITNESS—In regard to that payment all I have to say is that I did not make it. They have records of it and I think if you will look at the file you will find that it was made by another party.

THE CHAIRMAN—About your being summoned, if you are taken by surprise and are not prepared to answer these questions it is a good reason why you should have time allowed you ?

THE WITNESS—I am prepared to answer in a general way. Where questions are being fired at me in this way I want to be understood as speaking in a general way.

Mr. MACDONALD (Pictou).—You ruled, Mr. Chairman, that we could go back to the original tenders and I am asking about the original tender for 1,049.

THE CHAIRMAN—That tender is already in.

Mr. BRISTOL.—The witness says it is in his own handwriting and, therefore, he was not taken by surprise.

THE WITNESS.—I am quite willing to identify the letter as being in my handwriting and having been put in by me, if that is what the committee wants. It was put in in the name of John McBain and I have his authority so to do.

*By Mr. Macdonald (Pictou):*

Q. Who is Mr. John McBain?—A. John McBain is a millwright and contractor by occupation, and at that time, and for some time previous had been carrying on

building operations and real estate in the city of Ottawa in which he and I were interested.

*By Mr. Barker :*

Q. I wish to ask this witness, if you will allow me, Mr. Macdonald, just here, if that tender was made on behalf of Mr. McBain or did he merely get his authority to sign it in his name?—A. I merely had his authority to sign it, it was on my own behalf the tender was made.

*By Mr. Macdonald (Pictou):*

Q. I think that Mr. Fraser covers all the papers in relation to these different berths for which you have been summoned here, and there are one or two general questions I would like to ask you. The first one is were you ever present in the office of the Commissioner of Dominion Lands, while Mr. Turriff was commissioner, at the time when any tenders involved in this matter or any tenders that you had anything to do with, or were there ever being opened?—A. I have never been present in the office of Mr. Turriff or any other officer of the department, when the tenders were opened.

Q. Now, I would like to ask you whether or not you ever discussed with Mr. Turriff, or received in advance from him any information as to the amount of tenders of persons tendering or any information in regard to timber berths?—A. I never received any information in advance from Mr. Turriff or any other officer of the department.

Q. In regard to any tender?—A. In regard to any tender that I had anything to do with.

Q. Did you receive any consideration at any time that was not extended to anybody, to the public generally, in regard to the matter of tenders, from Mr. Turriff or any other officer regarding those tenders or any others?—A. I never asked for nor received any consideration other than the general practice, and I followed the general practice.

Q. You cannot help but have heard of insinuations that have been made as to favouritism and unfair dealing on the part of the department in relation to these tenders with which you were connected. I want to ask you generally what you have to say in regard to these insinuations—are there any grounds for them?—A. Absolutely none.

Q. Now, some remark has been made, Mr. Fraser, in regard to cheques of different amounts being forwarded with the tenders, and some significance has been attached to that. I wish you would let me know what you have to say on the question, whether any significance should be attached to that.

Question objected to by Mr. Bristol.

Mr. MACDONALD (Pictou).—I have the right to rebut these insinuations, surely?

Mr. BRISTOL.—This witness is here to give evidence and it is for this committee to draw inferences or statement of fact. We do not want his opinion on this matter. If he is here to do anything it is to give us the facts on which we, as a jury, will form our own conclusions.

Mr. MACDONALD (Pictou).—Let us understand this thing clearly. Not only have insinuations been made in this committee, but in the press of the country you see in large headlines that these people connected with the Imperial Pulp Company, and other people, put in two or three cheques with their tender, and the question is asked, 'Why should they put in double cheques if everything is all right?' I want this witness to tell us all he knows about this question of cheques, not only with regard to these particular tenders, but in regard to other tenders, and if there is any reason why that has been done. We sometimes talk about 'public interest' here, but if this is not a case where it is to the public interest that we should get information, I do not know where there is a case.

The CHAIRMAN.—If you take cases that are within his knowledge, I think that is all right.

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*By Mr. Macdonald (Pictou):*

Q. Within your own knowledge tell us what you know about it?—A. What is the question again, please?

Q. You have different instances here where a tender has been made, take a tender say for \$15,000, I am not referring to any actual case, where cheques for \$5,000, \$4,000 and \$5,000 have been put in with the tender. Why is it that lumbermen have put in cheques of different denominations in that way instead of a cheque for the whole amount? Do you know of any reason why that is done?—A. There are several reasons.

Mr. BRISTOL.—Let us stop this right here, I object.

The CHAIRMAN.—The objection is that witness is speaking of tenders other than his own—do you know of that being done in cases with which you have been connected?

Mr. CHISHOLM (Antigonish).—Hasn't the witness a perfect right to explain the circumstances surrounding the putting in of tenders?

The CHAIRMAN.—The objection is that he must be confined to matters within his own knowledge.—A. I think it is hardly fair to class me as counsel for anybody in this matter; I am merely giving evidence as to fact, that is all I desire to give.

*By Mr. Bennett:*

Q. Is there any case where you have put in more than one cheque?—A. Yes, I believe there is.

Q. Give us an instance?—A. I do not know whether I can remember just now.

Mr. MACDONALD (Pictou).—I do not propose to let these gentlemen get away from the facts. I want the witness to tell me, from his own knowledge, what is the explanation of that.

Mr. BRISTOL.—That goes into the question that we started out with before. If we are going to have the government's defence by Mr. Macdonald and the counsel for the lumbermen, we will get down to the question whether there was fraud in this tendering.

Mr. MACDONALD (Pictou).—What did my learned friends mean when, as they went along with each one of these tenders, Mr. Ames would say, 'You will notice the cheque is for \$6,000, \$5,000 and \$4,000,' calling my attention to it in that way? I will venture to say that in the Mitchenbacker tender, where money and a cheque were included, there was not a word said by my honourable friends about that, and no inferences were drawn, but if the Imperial Pulp Company, or Mr. T. A. Burrows, puts in two or three cheques, it is a different thing. What I want this witness to tell us—he is interested with a great number of men who are engaged in lumbering in the Northwest, and I want him to tell us whether there is any significance to be attached to that, and why it is that lumbermen do that—that is all I want to ask the witness, to tell me from his own knowledge what he knows about that.

The CHAIRMAN.—I think that is quite right, if the witness has knowledge that enables him to answer it.—A. It is a pretty hard question, except in a general way. I have known clients who had an idea that by varying the cheques, by taking them from different banks and putting different amounts in, it would prevent the amount of their tender leaking out. They have an idea, rightly or wrongly, that in getting cheques marked in the bank it might leak out what the amount of their cheque was.

Q. Leak out from where, from the bank?—A. From the bank. I have had cases where clients have sent cheques through the bank to me to put in with their tender, and have come along themselves and supplemented that cheque and asked me to put in an additional amount beyond what they had sent through the bank to include with their tender. As to their motives or reasons for doing so, I am not here to say.

Q. Was that confined to Mr. Burrows or to the Imperial Pulp Company, that practice of putting in more than one cheque, in the course of your business?—A. Speaking just offhand, I do not know whether I am referring to Mr. Burrows or



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other clients. I cannot recollect just the transaction in which this occurred; but I have known of cases where it has been done. Now, there are other reasons why that is sometimes done. There may be three or four parties interested, and they may each give individual cheques, and these cheques may be enclosed with the tender, and there may be other reasons. I am not an expert to answer questions of that kind.

Q. I am only asking you about what came within your own observation during the twenty years you have been in practice, in regard to this matter?—A. So far as my practice goes, that has not been confined to one individual, it has been adopted time and time again by different clients.

*By Mr. Macdonald (Pictou):*

Q. Mr. Fraser, in regard to certain of these tenders which were in your handwriting and which you have referred to here, are you in a position to tell us how they were sent to the department: would you take them or how would they get there?—A. I cannot tell you details of these transactions.

Q. Tell me generally what was the practice in your office?—A. Sometimes I took up the tenders, sometimes other members of the firm, and sometimes they were taken up by a clerk. Sometimes tenders have been made out and handed to the clients to put in themselves. If you ask me to speak from my recollection, I have no distinct recollection except the general practice.

Q. When you went with tenders yourself, what would you do, who would you give them to?—A. I usually handed them to the clerk in the department. Sometimes I handed them to Mr. Ryley, and sometimes I handed them to a young lady.

Q. Miss Munroe?—A. Miss Munroe, I think it is; the young lady who was acting as secretary there. There were two or three young ladies; I would not say which one I handed them to.

Q. At any rate, some one of the officials of the department?—A. Some one of the officials. I have handed tenders also to the Commissioner.

Q. To whoever happened to be there?—A. Whoever happened to be there.

Q. Do you recall the fact as to whether or not when Mr. Turriff was Commissioner that his office connected with Mr. Ryley's that Mr. Ryley was originally next to him?—A. Part of the time it was and part of the time it was not.

Q. And then it led into an outer office where there were a number of clerks?—A. It is some years ago. I could not just tell you the years. Mr. Ryley had an office fronting on the square here and Mr. Turriff had an adjoining office. Later on Mr. Turriff occupied the office that Mr. Greenway now occupies on the opposite side of the building.

Q. Did you ever see, in connection with your tendering for timber limits, any secret, secluded chamber where these tenders were dealt with?—A. I never was present when they were dealt with.

Q. You never were present when they were dealt with, when tenders were opened, and therefore you do not know?—A. I don't know what was done with the tenders.

Q. And therefore you do not know anything about it?—A. I think you had better subpoena those who did the work and they will know more about it.

*By Mr. Bristol:*

Q. When did you first commence to act on behalf of Mr. Burrows in professional matters?—A. I cannot give you the exact date. I think somewhere about 1902 or 1901.

Q. It was about the time that Mr. Burrows and those associated with him were commencing to tender for these particular limits we are discussing to-day?—A. About the time, I think, that some of these tenders were put in, somewhere about that time.

Q. Had you personally been interested in timber limits before that date?—A. Yes.

Q. And you have continued to be personally interested up to the present time?—Yes.

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Q. Have you any personal interest in timber limits, directly or indirectly, with Mr. Burrows, for instance?—A. I have none.

Q. Or any of those associated with him?—A. No.

Q. When you spoke of yourself and associates, whom did you include in that group?—A. What limit are you referring to.

Q. Have you had different associates during that time?—A. Of course, I have no objection to telling, but at the same time I don't think they have any connection with the question Mr. Macdonald asked, which was on the tender, of course, that was accepted.

Q. It is not anybody connected with the present inquiry?—A. Nobody connected with the present inquiry.

Q. I have no desire to go into your private business. As I understand, you have been prominently connected with the Liberal party in Ottawa for many years?—A. I have been connected with the Liberal party and have occupied offices in the association.

Q. In fact, you were president of the Liberal Association of Ottawa?—A. I was, yes.

Q. And if I am not mistaken, you have been very much talked of as a candidate and have even gone before a Liberal convention?—A. I never was selected by a convention.

Q. Take the tenders for limit 118. The one of January 19, 1904, was signed by W. H. Nolan, and the other tender, dated January 20th was signed by Perkins, Fraser & Burbidge on behalf of Mr. Theo. A. Burrows. Were you aware of Mr. Nolan's tender at the time of the tender on behalf of Mr. Burrows of 20th January?—A. I don't know whether I was aware that Mr. Nolan had put the tender in. I had, I think, spoken to Mr. Nolan to put in a tender on behalf of these people. I had been instructed so to do.

Q. So that Mr. Nolan did put in this tender of January 19 on behalf of Mr. Burrows?—A. Or the Imperial Pulp Company.

Q. Or the Imperial Pulp Company. Were not Mr. Burrows and the Imperial Pulp Company practically one and the same at this time?—A. Practically.

Q. Well, what was the object of a tender of \$400 for Mr. Theo. A. Burrows on January 20th and a tender in the name of Mr. Nolan for \$500 on January 19th?—A. I don't know what the object was. We had received instructions to put them in; I don't know what the object was.

Q. You had to do with both tenders, as a matter of fact?—A. I don't think I actually had to do with the putting in of the second tender, but I think I had arranged with Mr. Nolan to put in a tender under instructions. I speak now in a general way, from memory.

Q. On the understanding that he was to assign it to the Imperial Pulp Company, which he did?—A. Certainly.

*By Mr. Macdonald (Pictou):*

Q. If his was the highest tender, if he got the limit?—A. Certainly.

*By Mr. Bristol:*

Q. You knew the amount of Mr. Nolan's tender?—A. I guess so.

Q. And you knew the amount of Mr. Burrow's tender, because you put it in?—A. I knew the amount of it, certainly.

Q. So that, if there were no other tenders, there was no question as to who would get the berth?—A. Certainly not.

AN HON. MEMBER.—What was the object of putting in the two tenders?

MR. BRISTOL.—I asked what was the object, and he said he did not know.

THE WITNESS.—You had better ask Mr. Burrows.

*By Mr. Macdonald (Pictou):*

Q. You carried out your instructions, Mr. Fraser?—A. That is all.

*By Mr. Bristol:*

Q. Now, the tenders for 1119 were also about the same time, January 25, 1904. You have already read a tender by Mr. Nolan for \$600 and on the same date a tender by Mr. Burrows for \$500. The latter tender was blank as to the amount, but apparently a cheque for \$500 was inclosed. You knew about both those tenders?—A. No, I did not. I did not know anything about Mr. Burrows' tender until I saw these papers or heard about this investigation.

Q. You did not know anything about it?—A. No.

Q. The only tender you knew of in reference to this berth was a tender of W. H. Nolan of 26th January, 1904?—A. Yes, that is the only one.

Q. And you knew that was being put in on behalf of the Imperial Pulp Company?—A. Or Mr. Burrows.

Mr. BENNETT.—For how much?

*By Mr. Bristol:*

Q. Six hundred dollars was the amount, and you knew as a matter of fact that it was assigned the same day to the Imperial Pulp Company?—A. I would not say it was the same day, sometimes the document was drawn and signed a little later; but if you will produce the document, I can tell. If it is dated on the same day, it would be signed likely on that day.

*By Mr. Ames:*

Q. You are a witness to Mr. Nolan's signature on the same day?—A. I would not recollect certifying to the exact day, it might have been made out the same day and signed when he came in again. If there is an affidavit on it, that will show the date correctly.

Q. Here is the affidavit, 'I certify——'—A. No, that is not it, it will be in the affidavit.

Q. Here is the affidavit, which is dated the 27th of January.—A. If it is sworn to, it was executed on that day.

*By Mr. Bristol:*

Q. You never heard until to-day that there was a blank tender by Mr. Burrows in which was inclosed a cheque for \$500?—A. I never heard of it until the matter came out in the investigation. I heard those papers read when you were examining, the other day.

Q. Now, Mr. Fraser, as I understand it, in reference to this limit No. 1122, there is a tender here, it has been read by you, dated the 27th January, 1904, the same date as this that we are now discussing, and it says, 'I beg to tender for Timber Berth No. 1122 and enclose herewith \$11,000 bonus on same,' is that tender in the same condition as when it left your hands, except in so far as the endorsements on it are concerned?—A. Do you mean so far as the writing goes?

Q. Yes?—A. Yes, it is.

Q. On whose behalf were you making that tender?—A. Mr. Burrows.

Q. Did you personally inclose the cheques in this tender, or did you give the tender to Mr. Burrows, and did he inclose the cheques?—A. I cannot say at this date. I have no recollection of the transaction.

Q. Were they your cheques?—A. No, at least I don't think so.

Q. You cannot say what you did with this tender, whether you gave it to Mr. Burrows or not?—A. No, I cannot say from recollection; I have no particular recollection of the transaction.

Q. Do you recollect, as a specific fact, that there were two cheques in respect to



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this tender, if you did not see this endorsement on the tender?—A. No, if I had not seen the endorsement I do not suppose I would have recollected it.

Q. That there were two cheques in regard to this tender?—A. No, I know—

Q. I am asking with regard to this transaction?—A. Until this came out the other day I would probably have forgotten all about this transaction.

Q. Except that it was for Mr. Burrows?—A. For Mr. Burrows.

Q. You cannot say whether you delivered the tender, or sent the cheques or not?—A. I could not say that; I would not like to swear to matters of that kind at this date, five years afterwards.

Q. When you tendered on behalf of Mr. Burrows did you, as a rule, put in the tender yourself or did you give it to Mr. Burrows to put in? Or is it fair to ask the question in that way?—A. I do not think I can answer as to the rule; I think that possibly I have handed out some to Mr. Burrows, and some I put in myself or some member of the firm has put them in.

Q. You would not like to bind yourself specifically under oath as to that?—A. No, I would not.

*By Mr. Barker:*

Q. That, I see, was apparently transferred the next day, 23rd January, to the Imperial Pulp Company?—A. Well, if you had the transfer there it would be correct.

Q. You know it was transferred?—A. Certainly it was transferred. I was only acting in a professional way for him.

Q. When Mr. Burrows told you to get that tender from another person did he mention the name, or did you suggest Mr. Nolan?

Mr. MACDONALD (Pictou).—Not in this case, in the Nolan case.

A. Do you mean in the first case?

*By Mr. Barker:*

Q. When you were asked to get Mr. Nolan to tender: I am just taking the Nolan case for a moment—

Mr. MACDONALD (Pictou).—That is No. 1118.

A. From my recollection I cannot answer, but I would say that my impression is I suggested Nolan on account of his being a client of mine and living in Montreal.

Q. To whom did you make the suggestion?—A. When receiving instructions; I am only speaking from memory—

Q. Did Mr. Burrows suggest the amount that was to be bid by Nolan?—A. He must have.

Q. Did he provide the cheque for the bid?—A. He usually provided the cheque, or the funds for it.

Q. Mr. Nolan would not provide it; I suppose he had no interest?—A. I would not like to say, there was a sum put in by Mr. Nolan, I think, that did not actually go through my hands—which one are you referring to now?

Q. The one you spoke of before, No. 1118, I think it is. Did you provide your own cheque for that tender?—A. The \$400.

Q. Yes?—A. No, I do not think we did; I think now Mr. Burrows provided it, and in the other case Mr. Burrows provided the tender.

*By Mr. Macdonald (Pictou):*

Q. There is one of these limits in which Mr. Burrows and Mr. Nolan tendered, and in the one case Mr. Fraser said he did not know anything about Mr. Burrows' tender at all?—A. In the one where we put in \$100, unless it was the highest the money would be returned to us.

*By Mr. Barker:*

Q. That is Mr. Burrows' own cheque for his own tender was returned to him?—A. They always returned the identical cheque if the tender was too low. At least,

that is my recollection of it, that the department, instead of depositing it and issuing another cheque, would return the unused cheque to the unsuccessful tenderer.

Q. Who actually signed Nolan's tender?—A. Nolan actually signed his own tenders, with the exception of No. 1108, as far as I know.

Q. With the exception of 1118?—A. No. 1108 was the one I had his authority to sign in his name.

Q. You signed that?—A. I signed it, and the others were signed by Nolan himself, as far as I know.

*By Mr. Macdonald (Pictou):*

Q. Another question develops in the course of this examination in regard to depending upon other people to put in tenders, why is it done?—A. It is a common practice; I cannot give you the reasons; if I gave you the reasons for that I might keep you here longer than you want to stay.

Q. Name some of the reasons?—A. This, I think, is going beyond what a witness should be asked.

Q. I would like to get it on the record. Do you know from your experience as a professional man, dealing with these things, why this is done?—A. There is no general rule; I would answer that question in a general way. It is done all over the country, but I would not like to say why. I am speaking now, generally, of tendering. It is a common thing to tender in another party's name; they have their reasons for it.

Q. You say it is a common thing?—A. Yes, that is with their authority. Different lawyers—I know other lawyers who are engaged in tendering and do the same thing.

*By Mr. Bristol:*

Q. Discussing these tenders No. 1108, you, as I understand it, first put in a tender for \$1,000 on December 2nd?—A. If that is the date the tenders went in, I suppose that is the date it was put in.

Q. That is the date of the tender, anyway.—A. If that is the date that the tenders were called for, we would date the letter, naturally, on that day.

Q. Was that tender for \$1,000 on your own behalf?—A. On my own behalf and that of the associates interested with me.

Q. Other than Mr. Burrows, or Mr. Turriff, or anybody in the department?—A. No, they had no interest in that, that was merely put in—

Q. You put that in, and Mr. Burrows came to you and asked you to put in a tender for him?—A. Yes, I would not say just what date that was.

Q. December 2nd, it is dated also.—A. That may have been dated on the day the tenders were called for, but it may not have been the day I received instructions from Mr. Burrows.

Q. I want to ask you if the figures the, \$7,000, are in your handwriting?—A. If you ask for my recollection, I have no particular recollection of the transaction, but looking at the figures, I am satisfied they are mine.

Q. You are satisfied they are your own?—A. Yes.

Q. Inserted at the time the tenders were opened?—A. No, it is a common thing to make out a tender in blank, and the amount to be filled in just before handing it out.

Q. How did you arrive at the figure of \$7,000 for this tender?—A. That would be the figure I was told to put in.

Q. By Mr. Burrows?—A. I believe so.

Q. If you were doing this on Mr. Nolan's behalf, why did you not put 'Per A. W. Fraser' at the bottom of the tender?—A. I don't exactly understand the reason now. I cannot give you any reason, except that I may have run that off with the intention of having it typewritten.

Q. You know, as a lawyer, that if you sign another man's name with his author-

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ity, you should put 'Per A. W. Fraser'?—A. It is usually done, and I usually do it, but there is no particular significance to be attached to this particular case. As far as my recollection goes, it was merely an oversight.

Q. In connection with these tenders for timber berths you generally put 'Per A. W. Fraser'?—A. Yes.

Q. Did you omit to do so in this case because you did not want people to know that you were acting for Mr. Nolan?—A. I told it myself to the department. I notified them immediately afterwards that I was acting for Mr. Nolan.

*By Mr. Ames:*

Q. After the limit was awarded?—A. Yes. I think I telephoned up that afternoon, probably, or next day, to find out, and told them then.

*By Mr. Bristol:*

Q. In this instance, you were using Mr. W. H. Nolan's name for Mr. Burrows?—A. For Mr. Burrows.

Q. And you got the figures from Mr. Burrows, and the figures, as far as you believe, were put in this later blank tender, but you have no specific recollection of it?—A. I have no specific recollection.

Q. Was the cheque Mr. Burrows' cheque?—A. I think that tender was handed out.

Q. Handed out to Mr. Burrows?—A. I think so, I would not be positive.

Q. To the best of your recollection, you had nothing to do with putting it in at all, beyond supplying Mr. Nolan's name and drafting it with the figures omitted?—A. No, I filled in the figures before handing it out. That, looking at the tender, is what I would say.

Q. That is your recollection of the specific fact?—A. I am not speaking from recollection. I have no subsequent recollection of the details.

*By Mr. Macdonald (Pictou):*

Q. You would not say those figures were inserted after the tender had been put in?—A. No.

*By Mr. Bristol:*

Q. You have no recollection where this tender was written?—A. Yes, in my office.

*By Mr. Macdonald (Pictou):*

Q. A question put by Mr. Bristol suggested that the figures were put in after the tender had been handed in?—A. No, I did not mean that.

Q. You mean that the \$7,000 was put in after you had written out the rest of the tender?—A. Before I handed it out Mr. Burrows, if I did hand it out. Of course, you understand, Mr. Bristol, I am speaking in a general way; I am giving you the best of my recollection as to all these transactions, but the details I find it difficult to remember.

*By Mr. Bristol:*

Q. I see that the first tender of December 2nd for \$1,000, which you say was on behalf of yourself and your associates, is written on your firm's paper?—A. Yes.

Q. The other is written on plain paper?—A. What we call 'followers.'

Q. On your pad?—A. For letters of more than one page we use a part with the lithographing for the first page, and what we call 'followers' for the second page.

Q. Why did you use 'followers' in this particular case without the name of the firm on it; was it because you did not like it to be known that you were connected with the matter?—A. I cannot tell you the reason.



Q. You did not put the tender on paper of the firm and did not write 'Per A. W. Fraser.' What was the reason for that?—A. It may have been that I was going to have it typewritten.

Q. You are only guessing that now?—A. I am only guessing, I am not speaking from recollection.

*By Mr. Bennett:*

Q. On your pads does not the name of the firm appear?—A. The letter paper we use for typewriting is not padded at all, it comes in in loose sheets. We have some with lithographing on and have others to use for the second and third pages without lithographing.

Q. Was this on a pad?—A. It would not be a pad, but loose sheets which would be used by the typewriter for the following pages.

*By Mr. Bristol:*

Q. Now, Mr. Fraser, I call your attention to the fact that, as far as I can find out, that is the only case in which this occurred, that you did not use your firm's paper. Have you any distinct recollection of the reason for not writing the tender on your firm's paper and not putting your own name to it?—A. It may have been because I was putting in a small tender in my name, that I did not do it.

Q. You cannot recollect?—A. I cannot recollect.

Q. Now, with reference to 1948, a tender which has been discussed, where you say that your tender on behalf of William Cowan, of Prince Albert, for a berth, and a cheque for \$5,000 is apparently enclosed, you wrote that, did you not?—A. That is my writing, yes.

Q. Does that 'Enclosed herewith' refer to cheques or a cheque? The other day in the committee we were not able to determine the important question as to whether the tender said 'cheque' or 'cheques'?—A. I think it is intended for 'cheque,' but it may have been intended for either.

Q. Is that accident or design?—A. It is not design, certainly. It may have been accident.

Q. You cannot say now?—A. I cannot say now.

Q. Was William Cowan's name used for Mr. Burrows in this instance?—A. Mr. Burrows instructed me to put in a tender. I understood that Mr. Cowan, Mr. Burrows and Mr. Moore—I think it was—were associated.

Q. Then, you did it on Mr. Burrows' instructions, you did not trouble Mr. Cowan at all?—A. Not as far as I recollect.

Q. And you received the cheque from Mr. Burrows?—A. Yes.

*By Mr. Ames:*

Q. Whose cheque was it?—A. The cheque that was furnished. I would not like to say whose it was. I would not like to say it was Mr. Burrows' cheque, I have no recollection; I do not think it was.

*By Mr. Bristol:*

Q. Do you know whether the cheque was furnished and you handed the tender to Mr. Burrows and he put in the cheque with the tender?—A. I think the cheque was furnished.

Q. Do you recollect whether you put in the tender yourself in this case?—A. I have no distinct recollection whether I did or not.

Q. You may have handed it to Mr. Burrows, and he may have put the cheque in?—A. It is possible.

Q. What was the reason the amount of the cheque was not stated in the tender when you wrote it?—A. I don't think there was any particular reason.

Q. Why do you state the amounts sometimes and not at other times?—A. It just depends. Probably, when you are dictating—

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Q. This is your own writing?—A. I probably wrote it off in a hurry.

Q. You have no system, then, of leaving it out at one time and putting it in at another time?—A. There is no particular significance to it.

Q. So far as you are concerned?—A. No.

*By Mr. Ames:*

Q. Why don't you use the departmental form?—A. I don't think I ever used the forms of the department in these matters. I have not been furnished with them and have never applied for them.

Q. You know that departmental forms are furnished?—A. I have learned in this investigation that forms have been furnished, but I cannot say that I understood that forms would be always furnished. I think the notices said they would, but I never applied for them.

Q. Forms are distributed in every province; one would think they would get as far as your office in Ottawa?—A. They never enclosed any to me.

*By Mr. Bristol:*

Q. You did not know Mr. Cowan in the matter at all, you acted on instructions from Mr. Burrows in putting in the tender in the way you did?—A. Yes.

Q. It was on Mr. Burrows' instructions that you acted?—A. Yes. The only thing was that I had an idea—I don't know how I got it—that Mr. Burrows, Mr. Cowan and, I think, Mr. Moore were associated together in lumbering operations.

Q. But your instructions came from Mr. Burrows?—A. From Burrows.

Q. You had no communication with Mr. Cowan before or since?—A. Mr. Cowan? I had one or two letters from Mr. Cowan in regard to—I think it was some Indians.

Q. Not in regard to this transaction?—A. I think in regard to this particular limit.

Q. Authorizing you to transfer to Mr. Burrows?—A. Oh, no. The correspondence I had was correspondence relating to, I think—

*By Mr. Macdonald (Pictou):*

Q. Trespasses?—A. Trespasses, I think, by Indians. If you look at the file you will see a letter to him from the department about something. I have not any distinct recollection, but I know there was some correspondence, and I think the license was issued in Mr. Cowan's name.

Q. What other names did you use in tendering besides John McBain and W. H. Nolan, and those other people?—A. I do not think that I ever, in connection with timber limits, outside of our firm, speaking now from recollection, used any name other than Mr. Nolan's or Mr. McBain's. I think any tenders that were sent in in the Imperial Pulp Company's name were put in by themselves.

Q. On whose behalf was this tender of John McBain, of March 7, 1903, for berth No. 1049 put in?—A. On my own.

Q. I speak now of your own?—A. Which limit is that?

Q. No. 1049?—A. Yes, that was on my behalf.

Q. You have that limit still, have you?—A. Oh, no, I have not.

Q. What became of that?—A. I transferred it; it was transferred by McBain to me, and I think you will find it transferred by me to some gentleman in the west.

*By Mr. Macdonald (Pictou):*

Q. To Mr. Munson?—A. Yes, I think Munson is the name.

*By Mr. Bristol:*

Q. Did you sell the limit?—A. Yes.

Q. For how much?—A. That is my business; I am not going into that part of it.

*By Mr. Reid (Grenville):*

Q. How soon after you purchased it was the transfer made?—A. I think the transfer was two or three years after, I think the transfer is dated then.

Q. It was some years after?—A. Yes.

*By Mr. Bennett:*

Q. Just a moment, before leaving 1108. I understand you to say you cannot recall whether you filled in the figures '\$7,000' in No. 1108?—A. I have no distinct recollection of the transaction, but if they were filled in they would be filled in before I handed that out; I do not think I put that tender in myself to the department.

Q. And it was placed in an envelope and sent to the department, I suppose?—A. No. I think I handed it out to Mr. Burrows; I am speaking in a general way from recollection.

Q. Did you hand the envelope with it?—A. Possibly; I would not like to say. If there is any envelope there let me see, and if it is in my handwriting I can tell you.

Q. Now, is that in your handwriting? (exhibiting document to witness).—A. Yes, that is my writing.

Q. Is this your writing on this one? (exhibiting document to witness).—A. Yes, that is my writing.

Q. Now, this is the envelope that inclosed the tender of W. H. Nolan; the one is a plain envelope on the outside with no stamp on it?—A. I do not see any stamp.

Q. Now, the one that inclosed the one for yourself, which had \$1,000 in it, has what stamp on it?—A. The office stamp.

Q. Can you explain how it was that, as you gave this one to Mr. Burrows—at your own office was it?—A. Probably I put it in a plain envelope and he might have asked for it.

Q. Mr. Burrows may have asked you to put it in a plain envelope?—A. He may have done so; I am only theorizing now, I haven't any recollection of that; Mr. Burrows will explain that.

Q. You used your own office envelope for the \$1,000 tender?—A. Yes.

Q. But that other one for \$7,000, you think Mr. Burrows made the request that it be put in a plain envelope?—A. It may have been that, or I may simply, on account of not putting it in myself or because no member of the firm put it in. I may have done that myself.

Q. Would you go so far as to say that is an envelope out of your own office?—A. Yes, we have plain envelopes like that.

Q. Exactly the same as that?—A. I would not like to swear, it is five years ago.

Q. Looking at it closely, do you think that is an official or an ordinary envelope?—A. No, I think that is the ordinary envelope we use.

*By Mr. Macdonald (Pictou):*

Q. With reference to this question of not putting in the amounts in the tender, do you have any reason for not putting in the amounts; for not mentioning in the tender the amount of the bonus?—A. Do you mean where I have simply said, 'I enclose cheque'?

Q. Yes.—A. No reason.

Q. I suppose you went on the principle that 'Money talked,' anyway?—A. Money was the part they wanted.

*By Mr. Bristol:*

Q. Do you say that on all these occasions, do you swear positively, that Mr. Burrows stated to you the amount of the cheque that was to accompany the tender?—A. Well, I haven't any distinct recollection of the different statements that were made, but I assume that he did, but I would not like to swear positively that he would say it in that way.



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*By Mr. Macdonald (Pictou):*

Q. Do you recollect any occasion in which he did not?—A. No, I give you the same answer that I gave to Mr. Bristol.

*By Mr. Bristol:*

Q. Did you ever act for the Imperial Pulp Company? or, at least, when did you commence to act for them?—A. It was subsequent to this time I came to know the Imperial Pulp Company; they were incorporated in December, 1902.

Q. From whom did you get instructions to act for that company?—A. My instructions were principally received from Mr. Burrows. I have received instructions from Mr. Pattinson, the secretary, but principally from Mr. Burrows.

Q. Is Mr. Burrows the general manager of the Imperial Pulp Company, so far as you know?—A. I do not know.

Q. You do not even know who the board of directors are?—A. All I know is what I have told you, that Sir Daniel McMillan is president, Mr. Pattinson, secretary, and I have understood that Mr. Burrows and Sir Daniel McMillan are principally interested in it.

Q. Yes, but there are five directors required, and I think you have acted for the company for years in all these transactions, and you swear you do not know who the other directors are?—A. I have not heard other than who the incorporators were; I have never inquired.

*By Mr. Macdonald (Pictou):*

Q. When you act for a company, do you ever write to the secretary of the company to send you a list of the directors before doing business with them?—A. I might say, for the benefit of both you gentlemen, that the only matters in which I have acted for the Imperial Pulp Company are these particular transactions under review, and that I was not the general solicitor for the company, and therefore, necessarily, would not enter into any of those questions that I am being asked about now, when they came in to ask me to tender.

Q. Did you ever see any signs of secrecy about these parties when they came in to ask you to tender for them?—A. Not with me.

*By Mr. Bristol:*

Q. Although there were no signs of secrecy, they did not appear to be communicative?—A. I did not inquire into my client's business.

Q. You never heard who the directors were?—A. I never asked and never heard.

Q. And you assisted in procuring all these valuable limits we have been discussing this morning?—A. Not all, some of them.

Q. Well, some of them?—A. They have been referring to a lot of limits here that I do not think I had anything to do with. With regard to certain particular limits that you have been examining me on, I looked after their work in connection with those.

Q. You have known Mr. Burrows intimately since 1902?—A. I think I knew him long before that.

Q. You have known Mr. Turriff, I suppose, pretty well since he came here?—A. Well, I think when I got to know Mr. Turriff first was in connection with St. Andrew's Society. He was president, perhaps he can tell us the year; I was the solicitor.

Q. You knew him as soon as he came here?—A. I would not say immediately after he came, but some little time afterwards.

Q. He was the president of the society and you were the solicitor?—A. I was nominally the solicitor, it is an honorary office.

Q. I suppose, as a brother Scotsman he would be willing to recognize you as a friend?—A. I became well acquainted with Mr. Turriff, just the same as I am with a great many other gentlemen around.

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Q. Have you ever acted for Mr. Turriff professionally?—A. I have done one or two things for him, I have drawn a power of attorney.

Q. I did not ask what you have done. I do not wish to know what you have done.

—A. I have done two or three small things for him occasionally.

Q. Have you ever acted for the Hon. Clifford Sifton personally?—A. I have no recollection.

Q. Have you ever acted for William Sifton in any business transaction?—A. Who is he? Is it the judge in the Northwest? I have no recollection whether I did.

Q. If you don't know whether you have ever acted for him. I do not.—A. I do not recollect ever having acted for him.

*By Mr. Macdonald (Pictou):*

Q. Do you know the man at all?—A. I met Judge Sifton up at Banff at one time.

*By Mr. Bristol:*

Q. You don't know? I understand there was a gentleman in Winnipeg of that name?—A. As far as I recollect, I have never acted for him; if the firm has acted, it must have been some other member of the firm.

Q. You can simply say you have not?—A. I have not, as far as I know.

Q. Have you ever acted for Mr. Adamson?—A. Yes.

Q. Professionally?—A. Professionally.

*By Mr. Macdonald (Pictou):*

Q. How many more clients have you got, Mr. Fraser?—A. I have two or three left.

*By Mr. Bennett:*

Q. Did Mr. Burrows draw the cheque for the \$7,000 that accompanies the Nolan tender, in your office, in your presence?—A. I don't think so, I have no recollection of it.

*By Mr. Bristol:*

Q. Some other gentlemen want to know whether you acted for the Leach Colliery Company?—A. Yes, I have acted for them. I acted for the Leach Bros. long before the incorporation of the Leach Collieries.

*By Mr. Boyce:*

Q. Do you know anything about the incorporation of the Imperial Pulp Company?—A. No.

Q. Did you take any part, directly or indirectly, in connection with the incorporation of that company?—A. No, I have not had anything to do with it.

*By Mr. Macdonald (Pictou):*

Q. Do you know that this Mr. Starr, one of the incorporators, is Commissioner Starr, appointed by the Ontario government to investigate election frauds?—A. I do not know.

Mr. BRISTOL.—It does not happen that he is.

*By Mr. Barker:*

Q. In regard to the tender for 1198, Mr. Fraser, did Mr. Burrows give you verbally your instructions?—A. Verbally, as far as I recollect now.

Q. That is your impression?—A. That is my impression.

Q. Now, I will read the Minister's statement, made by your authority.—A. The Minister's statement was not accurate, in the sense that he referred to a letter.

Q. You have seen that statement?—A. I saw that statement, and it was not accurate.

Q. You did not tell the Minister that you had received instructions by letter or by telegraph?—A. No, I think he misunderstood a remark that I made that sometimes I received my instructions by letter, and sometimes personally, when the parties came to the office.

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Q. There is a contradiction there?—A. Yes.

Q. He begins by saying that you with some associates had applied to have the Cedar Lake Timber Limit put up?—A. Yes.

Q. And that you and your associates had put in a \$1,000 tender?—A. That is Moose Lake, \$1,000. Cedar Lake is 1107, and Moose Lake is 1108.

Q. He described it in that way. Then he says that you received instructions to get somebody to put in a \$7,000 tender on behalf of Mr. Burrows and his associates; that is correct, is it?—A. I did receive instructions from Mr. Burrows.

Q. Verbally or otherwise?—A. Verbally, so far as I can recollect now.

Q. Now, tell me this: Was your reason for using Nolan's name in the tender that succeeded, that you did not want your associates to know that you were working for another client against their \$1,000 bid?—A. No, that was not the reason, because my associates left these matters entirely to me, but I thought, having applied to put up the limit, that it would look better perhaps to put in a tender. Having asked to have it put up, I did not want the department to think that I had asked them to put up the limits without bidding.

Q. Was not that the reason you left out your firm's name from the paper on which the tender was written?—A. Do you mean, to conceal it from my associates?

Q. Is that the reason it was not typewritten on the firm's paper?—A. I will tell you who my principal associate was. My father-in-law was my principal associate, and he left these matters absolutely in my hands, and I don't think I ever reported to him the particulars of the transaction.

Q. In whose name was that \$1,000 tender?—A. In my own name.

Q. Individually?—A. I think so, if you will look at it there.

Q. And you put in a tender in Mr. Nolan's name because you did not want to submit a second tender, was that it?—A. I did not want to put in two tenders in my own name.

Q. What is the legal objection?—A. I don't think there is any legal objection.

Q. Your associates would not object, you say; what is the objection? There was no objection on the part of the department?—A. I cannot give you any particular reason at this time.

*By Mr. Boyce:*

Q. Were you paid for the services rendered by you to the Imperial Pulp Company?—A. I rendered a bill sometime afterwards.

Q. Were you paid in the ordinary way?—A. In the ordinary way, yes.

Q. You were paid in cash, that is, in money?—A. I was paid either in money or cheque.

Q. You rendered your bills in the ordinary way to the company?—A. No. I think I rendered my first bill to Mr. Burrows.

Q. And the bill you rendered to the Imperial Pulp Company was paid by Mr. Burrows?—A. No, I do not think I have rendered an account for the last transaction. I think the bill stands against the Imperial Pulp Company, and I have not rendered it yet.

Witness discharged.

Mr. TURNER.—I desire to say that during one of the previous sittings of the committee Mr. Ames tried to prove by Mr. Ryley, when he was on the stand, that I opened the tenders for these timber limits in secret. I have been here every day expecting Mr. Ames to call me. If he wanted to get the truth, why did he not ask for me to be called? I was not called at the last meeting, although I asked to be. I have come here again to-day, and I am prepared to come at any time and give evidence under oath and be cross-examined. I have nothing to hide, or to be afraid or ashamed of.

Committee adjourned.



## HOUSE OF COMMONS,

COMMITTEE ROOM No. 38,

OTTAWA, THURSDAY, March 19, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the further consideration of certain payments by Theo. A. Burrows to the Edmonton, Winnipeg and Calgary agencies for timber dues and ground rents, as set out at pages L—97 and 98 of the Auditor General's Report for 1906-7.

Mr. D. M. FINNIE, manager, Bank of Ottawa, called, sworn and examined.

*By Mr. Bristol:*

Q. You are manager at Ottawa of the Bank of Ottawa, I believe, Mr. Finnie?—

A. Yes.

Q. And in the month of December, 1902, or January, 1903, you did some business for the Imperial Pulp Company, I believe, through Mr. Burrows?—A. We did some business with Mr. Burrows, but had no connection with the Imperial Pulp Company, as far as I know.

Q. So far as you knew at that time; I see in the record here, in relation to timber berth No. 1031, a letter from your general manager, Mr. Burn, dated January 16, 1903, as follows; it is in the record addressed to the Department of the Interior?—

A. Yes.

Q. (Reads)—

THE BANK OF OTTAWA,

HEAD OFFICE, OTTAWA, Jan. 16, 1903.

The Secretary,

Department of the Interior,  
Ottawa.

DEAR SIR,—Acknowledging your the manager of the Wellington street, Ottawa, branch of this bank informs me that an officer of your department has been in communication with him by telephone on the subject of the letter acknowledged therein, and that you have kindly undertaken to send any communications for the Imperial Pulp Company, of Toronto, to the care of this bank, and we shall be happy to forward them to the proper parties. We are not absolutely certain of their address, but will be in possession of it within a day or two, as explained by Mr. Finnie.

Yours truly,

(Sgd.) GEORGE BURN,

*General Manager.*

Do you recollect the transaction referred to in that letter?—A. Yes.

Q. Just state what it was?—A. The Imperial Pulp Company was not known to us; we did not know that there was an Imperial Pulp Company, but Mr. Burrows having obtained one or two cheques at a recent date to put in with tenders for timber berths we assumed possibly it might have some connection with the matter about which there was inquiry.

Q. What were those two cheques, have you got them?—A. Yes.

Q. Let me have them.

The CHAIRMAN.—Are those cheques given for some of the berths that we are investigating?

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Mr. BRISTOL.—Yes.  
(Cheques produced by witness.)

## EXHIBIT 1.

OTTAWA, ONT., CANADA, December 30, 1902.

The Bank of Ottawa, Ottawa.

Pay to Deputy Minister of the Interior or order \$17,575 (Seventeen thousand five hundred and seventy-five dollars).

For the Bank of Ottawa (Ottawa Branch).

D. M. FINNIE,

*Manager.*

(Stamp) 'The Bank of Ottawa, Ottawa, Ont.—Accepted Dec. 31, 1902.'

(Stamp) 'Bank of Ottawa—Paid 9 ——' (Illegible).

OTTAWA, ONT., CANADA, December 30, 1902.

The Bank of Ottawa, Ottawa.

Pay to the Deputy Minister of the Interior or order \$14,000 (Fourteen thousand dollars).

For the Bank of Ottawa (Ottawa Branch).

D. M. FINNIE,

*Manager.*

(Stamp) 'The Bank of Ottawa, Ont.—Paid 9, 3rd, ——' (Illegible)—Accepted Dec. 31, 1902.'

(Stamp) 'The Bank of Ottawa.'

*By Mr. Bristol :*

Q. These two cheques are signed 'D. M. Finnie, Manager'; that is you. I suppose?—A. That is my name, yes.

Q. Then there is a memorandum attached here; whose handwriting is that in?—A. That is in the handwriting of T. A. Burrows, recently furnished to us.

Q. It was not part of the original transaction?—A. No, it was not.

Q. Is there anything to show on these cheques to you, Mr. Finnie, the order in which they were made out?—A. The entry shows that they were made out \$17,575 in the first place, immediately followed, the next entry, by \$14,000.

Q. You mean, when you say, 'immediately followed,' the next entry in the books against Mr. Burrows' account?—A. Yes, \$14,000.

Q. But have you any way of telling in addition whether the \$14,000 cheque was made out immediately in point of time, after the \$17,575, or two hours or four hours afterwards?

Mr. MACDONALD (Pictou).—He did not say it was made out immediately afterwards.

The CHAIRMAN.—Go on with the question.

*By Mr. Bristol :*

Q. I ask the witness if there is anything to show in what order these cheques were made out, and he stated in reply to that question, as I understand him, but of course he can correct it if I am wrong, that the \$17,575 cheque was made out first?

Mr. MACDONALD (Pictou).—Not at all, he said that the entry for the \$17,575 cheque appeared in the book first.

The CHAIRMAN.—Go on with the question—(To witness). Mr. Bristol asked you if there is anything appearing on the cheque to show that?—A. There is nothing appearing on that or any other cheque, which would indicate the hour, or the time at which it was entered.

*By Mr. Bristol :*

Q. Is there anything in your books to show the order in which the cheques were made out?—A. Yes, one entry follows the other.

*By the Chairman:*

Q. Are the cheques not numbered?—A. No.

*By Mr. Bristol:*

Q. Which of the two is the first entry—the \$17,575 is the first entry?—A. Yes.

Q. Now, I ask you to tell me, if you can say what interval of time, Mr. Finnie, whether months or hours elapsed between the making out of the two cheques and the entry in your books?—A. There is nothing to indicate there was any interval of time.

Q. As you signed both, have you any recollection whether they were signed at the same time or not?—A. I believe they were both made out at the same time, but there is nothing to show whether they were or not; as far as I know they were made out at the same time.

Q. Who was the clerk who marked those cheques?—A. It was marked by the then ledger keeper.

Q. Who was he?—A. (Examines cheques) I do not know who he was, the initials 'S. W.' would indicate the ledger keeper at the time, but who he was I do not know.

Q. As far as you are concerned was it a matter then of routine, you paid no special attention, and have no specific remembrance of the transaction?—A. I had nothing to do with the entry in the book.

Q. Had you anything to do with the making of the cheques?—A. Nothing beyond making out the cheques, that is all, they are in my handwriting, which brings it to my memory.

Q. Did Mr. Burrows have an account with you before this date?—A. He only had a small account which was sometimes closed and sometimes opened, it may have been opened a short time before that.

Q. I do not want to go into the private details?—A. No.

Q. Was there a deposit made with you on this occasion to cover this specific amount?—A. Yes.

Q. No more and no less?—A. To cover the amounts.

Q. So that these two cheques exhausted the amount of the deposit?—A. They did.

Q. At that time?—A. They did, yes.

Q. Did you subsequently have an account opened with you for the Imperial Pulp Company?—A. Never.

Q. You never had an account with the Imperial Pulp Company?—A. Never.

Q. But you have had subsequent accounts with Mr. Burrows?—A. Oh, yes.

Q. In connection with similar transactions?—A. Yes.

Q. Do you recollect seeing Mr. Burrows on more than one occasion on this date, 30th December, 1902?—A. Now I have no recollection of the interviews I had with him. I frequently see him when he is in town, because he comes into the office. But I have no distinct recollection.

Q. You cannot say whether he was there on more than one occasion on that date?—A. No.

*By Mr. Reid (Grenville):*

Q. Did he state why he wanted the two cheques?—A. No, he gave no reason.

*By Mr. Barker:*

Q. Mr. Finnie, did Mr. Burrows give you any reason why, drawing this sum from you, he took one cheque of \$17,575 and another of \$14,000, and did not divide them equally into two even amounts? Did he give any reason to you?—A. None.

Q. He said nothing to you about it?—A. Nothing whatever.

Q. And you do not know his reasons?—A. I do not know.

Mr. MACDONALD (Pietou).—He couldn't have divided them equally, very well.

Mr. BARKER.—You can calculate it as well as Mr. Finnie can—



APPENDIX No. 1

*By Mr. Barker:*

Q. He simply asked for one cheque of \$17,575, and for another, at the same time, as nearly as you can recollect, for \$14,000?—A. Quite so, yes.

*By Mr. Bristol:*

Q. Do I understand that these cheques exhausted the full amount at Mr. Burrows' credit at that time?—A. They did.

*By Mr. Macdonald (Pictou):*

Q. Mr. Burrows is a customer of your agency in the Northwest?—A. He is, yes.

Q. And has been doing business with your bank and its agency for quite a number of years?—A. For a long time, yes.

Q. For a very long time?—A. Yes.

Q. This was five years ago, and you have had a good many transactions with him in the agency and in the head office?—A. Quite so, yes.

Q. These cheques are in your handwriting, the whole of them?—A. They are, yes.

*By Mr. Maclean (Lunenburg):*

Q. They are what you call manager's cheques?—A. Yes.

*By Mr. Bristol:*

Q. In connection with Berth 1058 there were two cheques of Mr. Burrows put in on that occasion, April 22nd, 1903; have you those, Mr. Finnie?—A. No.

Q. You have not those?—A. No.

Q. Was that particular account kept with you at that time, had Mr. Burrows an account with you on that date?—A. Yes. It may clear things up a bit if I explain to you that these cheques we have now been dealing with were manager's cheques and charged to an account known as Manager's Account, not charged to Mr. Burrows' personal account.

Q. So that all the other cheques were Mr. Burrows' own cheques and naturally went to him after they had been cashed by the bank?—A. Some of them did, yes.

Q. Some of them?—A. Yes.

Q. What others have you there referring to the matters we are inquiring into?—A. Two, dated 27th January, 1904 (cheques produced).

EXHIBIT No. 2.

Cheques given with tender	
for T. B. 1,122.. . . . .	6,000
.. . . . .	5,000
	<hr/>
	11,000

No..... Ottawa, Ont., 27 January, 1904.  
M.A.A. 27. Canada

TO THE BANK OF OTTAWA, OTTAWA.

Pay to The Deputy Minister of the Interior or order \$5,000  
FIVE thousand.....dollars

D. M. FINNIE, (5)  
Manager.

(stamp) Bank of Ottawa, Ottawa, Ont.

(stamp) Bank of Ottawa.

ACCEPTED  
Jan. 27, 1904.  
M.Z.

PAID  
Jan. 29, 1904.  
Banks.

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OTTAWA, Ont. 27 January 1904.  
Canada

No.....

M.A.A.27.

To THE BANK OF OTTAWA, OTTAWA.

Pay to The Deputy Minister of the Interior or order \$6,000  
Six thousand.....Dollars.

D. M. FINNIE (6)

Mangr.

(stamp) Bank of Ottawa, Ottawa, Ont.

(stamp) Bank of Ottawa.

ACCEPTED

PAID

Jan. 27, 1904.

Jan. 29, 1904.

M.Z.

Banks.

Q. They are marked 1122 apparently by some one, that is Timber Berth 1122. These are two managers' cheques, dated 27th January, 1904, in relation to Timber Berth 1122, made out in favour of the Deputy Minister of the Interior and signed by Mr. Finnie, both dated 27th January, 1904, one for \$5,000 and one for \$6,000?—A. Yes.

Q. Was that a special account opened on this occasion for this transaction by Mr. Burrows?—A. Yes, it was a transaction similar to the one you have just been going into.

Q. Was there just a single deposit of \$11,000 made on this account?—A. Just a single deposit.

Q. Of \$11,000?—A. Yes.

Q. Made at one time?—A. At one time.

Q. To the account?—A. Yes.

Q. And you were asked to draw these cheques, which you did?—A. Yes.

Q. And they are entered in the books in the order of five thousand and six thousand, that is right, is it?—A. That is right.

*By Mr. Macdonald (Pictou):*

Q. One transaction, was it?—A. One transaction.

*By Mr. Barker:*

Q. You are conducting that transaction through your manager's account: does that indicate that Mr. Burrows or the company had not money at their credit and that they were arranging for that credit with you at the time?—A. Oh no, not at all; he provided the money for it.

Q. As a fact, had he the money there when the cheques were signed?—A. He had the money there when the cheques were given.

Q. Previous to that?—A. He paid the money on that date for that purpose.

Q. Did he arrange with you to get that credit?—A. He did, yes.

Q. Then, the whole transaction was arranged, the credit to him and the cheques upon it?—A. Quite so.

*By Mr. Macdonald (Pictou):*

Q. It was not a question of getting credit?—A. It was a question of getting a deposit.

*By Mr. Barker:*

Q. He simply paid to your credit an amount of money sufficient to enable you to give these manager's cheques for these amounts?—A. Quite so.

Q. He had funds of his own there ready to do so?—A. He made a deposit for the amount of these cheques.

Q. He did not ask you to give him credit to supply the money necessary for the issue of these cheques?—A. He placed the money there.

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Q. Did he not arrange with you so that he would get that money there that day?—A. Yes.

Q. I asked you, Mr. Finnie, if he had that money in your bank previously, or did he arrange to get it in your bank that day; you said yes?—A. The construction that is being put on the word 'credit' is wrong. He made a deposit for the amount of these cheques, the exact amount of these cheques, on the same day on which the cheques were issued.

Q. Did he get that money which he deposited there, from you?—A. Do you mean to say, did he borrow the money from me?

Q. From the bank?—A. I decline to answer. He did not, as a matter of fact. He paid the money in and did not get it on credit.

Q. He paid the money in from some other source?—A. I don't know what source. It was not from the bank, so it must have been from some other source.

Q. Did he give your bank the money or did you place it to his credit?—A. No, we gave him no credit; he provided the amount independent of the bank.

Q. He brought the money to you?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Did you hand those cheques to Mr. Burrows on that day?—A. I did.

Q. Did you hand both to him at the same time?—A. I believe I did.

Q. Are you sure?—A. It is a long time ago.

Q. You won't swear you handed the two to him together?—A. My impression is I did, but I am not positive.

*By Mr. Macdonald (Pictou):*

Q. Have you anything in your mind which would cause you to think that you did not?—A. No.

*By Mr. Bristol:*

Q. What was the order in which these two cheques were issued?—A. The five thousand first, and the six thousand afterwards.

Q. Have you any other cheques relating to any similar transaction?—A. There is only one here that I have got (cheque produced).

## EXHIBIT No. 3.

Given with tender for T.B. 1052  
Imperial Pulp Co.

No..... Ottawa, Ont. 6600  
10th March, 1903.  
Canada.

To THE BANK OF OTTAWA, OTTAWA.

Pay to Secy. Dept. of the Interior.....or order \$300  
Three hundred.....Dollars.

J. H. NEEVE,  
Asst. Manager (3)  
(Stamp of payment illegible.)

(Stamp) The Bank of Ottawa, Ottawa, Ont.

ACCEPTED  
Mar. 10, 1903.

Z

(Stamp) Dept. Interior  
Wed 11 Mar.  
1903

T. & M. Branch  
(Stamp) 439981

(Stamp) Bank of Ottawa.

PAID  
(Date not legible.)  
Bank

(Stamp) For the Bank of Ottawa  
Ottawa Branch.



*By Mr. Reid (Grenville):*

Q. Did Mr. Burrows tell you why he wanted the two cheques on that date?—A. No.

*By Mr. Bristol:*

Q. That second transaction we are discussing, 1122, was also for the Imperial Pulp Company?—A. No, I never understood there was any transaction with the Imperial Pulp Company at any time.

Q. You have only got that information later from Mr. Burrows?—A. Quite so.

Q. You have handed me a cheque payable to the government relating to timber berth 1022. The information attached to it comes from Mr. Burrows?—A. The slip itself.

Q. It is a cheque dated March 10, 1903, to the secretary of the Department of the Interior for \$300. It is signed by whom?—A. It is signed by the assistant manager, J. H. Neeve.

Q. As to that you have no personal knowledge?—A. No.

Q. Can you state in relation to this first matter of timber berth 1031 where there were two cheques amounting to \$31,575, as to whether a change were made on the morning of the 30th December or the afternoon or when—

Mr. MACDONALD (Pictou).—I object to going further into the question of when deposits were made. My friend Mr. Bristol said that he was not going into the question of accounts. Moreover, the witness has told us everything.

The CHAIRMAN.—I think the vital question is whether the cheques were given before the tenders were put in.

Mr. AMES.—It is necessary to know when the deposit was made.

Mr. MACDONALD (Pictou).—What difference does it make as to when the cheques were issued?

The CHAIRMAN.—They are dated on the 30th, and the 31st was the date for the tenders to be opened.

Mr. BRISTOL.—I will leave it to the Chairman to say what he will do.

The CHAIRMAN.—I think the important point is when he issued the cheques and delivered them over.

Mr. BRISTOL.—I would like to get the information, but bow to your ruling.

The CHAIRMAN.—The point is when he delivered over the cheques. Does that not settle the matter?

Mr. AMES.—Supposing the money was not put in until the afternoon?

Mr. MACDONALD (Pictou).—Are you imputing to Mr. Finnie that he issued cheques wrongfully, and that he did not have the funds?

*By Mr. Bristol:*

Q. Have you any more cheques now?—A. That is all I have.

Q. Then you said you have a current account for Mr. Burrows?—A. Yes.

Q. There have been various cheques put in by Mr. Burrows, for instance, with respect to timber berth No. 1046 on March 7, 1903, apparently the record shows two cheques; one is for \$3,000 and one for \$500 were put in by him. What do your books show of that account?—A. That is an entry in Mr. Burrows' private account.

*By Mr. Macdonald (Pictou):*

Q. Have you the cheques?—A. No, I haven't the cheques.

Mr. MACDONALD (Pictou).—He cannot speak as to whether the cheques were given by Mr. Burrows or by anybody on a certain day if he has not the cheques.

Mr. BRISTOL.—Well, Mr. Burrows kept an account there; we haven't got the cheques as yet, but the cash account, or the abstract of it, would show if the cheques were issued on that date.

Mr. MACDONALD (Pictou).—But this witness cannot say whether they were in favour of the Department of Interior.

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*By the Chairman :*

Q. I suppose you have no way of identifying what the cheques were for?—A. Not in any way.

*By Mr. Ames :*

Q. You could identify the amount?—A. The amount alone.

Mr. BRISTOL.—I think we are quite entitled to see the account in this matter, and see whether there were two cheques marked up on that date, of \$3,000 and \$500. I do not see why there is any objection in this matter.

The CHAIRMAN.—The cheques are the best evidence, of course.

Mr. MACDONALD (Pictou).—This would only be secondary evidence at best.

The CHAIRMAN.—There must be something serious to justify us in going into a man's private account in the bank. The Bank Act prevents a bank manager showing a customer's bank account.

Mr. BRISTOL.—Mr. Fowler was not protected in the Bank of Nova Scotia, in connection with the investigation by the Royal Insurance Commission. In the next item with respect to No. 1047, there are three cheques there, apparently, for \$6,000, \$5,000, and \$4,000. Now, I want to see this account, I want to see how many cheques he had as marked 'outstanding' on that day, he may have had a bundle of them, or he may only have had the three, I cannot say. I have the right to see the entry about these cheques which are under consideration.

The CHAIRMAN.—I do not think, at the present time, you have the right to go into a man's private account.

Mr. BRISTOL.—I asked something that is a pure matter of record. I would not want to ask anything in that account that you refer to as private business, other than what we are discussing here. Have you an abstract of this account here, Mr. Finnie?—A. I have not.

The CHAIRMAN.—You have not called the man who has the cheques in his possession.

Mr. BRISTOL.—I do not want to know about Mr. Burrows' household expenses, but I would like to see what entry there is about the cheques on that day and the order in which they are entered up. You can look at the book, Mr. Chairman, I do not want to see it, but I want to know the order in which they are entered up.

Mr. MACDONALD (Pictou).—It is not a question of what Mr. Bristol wants to see, but of what principle we are going to lay down in determining the simple question as to whether or not this rent that was paid on timber berths is all right. What relevancy the private affairs of private individuals, their bank accounts, have to do with this question which is really the question before the Committee, I fail to see. Mr. Finnie has produced the original cheques he has, all of them, in his possession; he has given the others to Mr. Burrows. I might ask Mr. Finnie, but it is not necessary to digress for that purpose, he has told us that Mr. Burrows has all the other original cheques, if those cheques are evidence, I do not think they are evidence at all myself as far as the question before this Committee is concerned, but I have no particular objection to their going in, because in two particular instances, which we have had, they rebut the theory that has been going around for some time that they were not given on the day the tenders were opened. Now as to Nos. 1031 and 1052 the evidence shows the cheques were got the day before the tenders were opened, and therefore we do not object to their going in, and although I do not object to the original cheques going in I do object to the Committee going into a man's private accounts in this manner.

Mr. REID (Grenville).—As far as these entries are concerned it is absolutely necessary that the committee should know whether these cheques were made out and delivered to Mr. Burrows on the same date, and these two cheques do not show that, we want the books.

Mr. MACDONALD (Pictou).—Which two cheques?

Mr. REID (Grenville).—Those for No. 1031.

Mr. MACDONALD (Pictou).—We are not talking about that now.

Mr. REID.—I am asking that he produce this book with those entries in as to when these two cheques were issued. I claim that this ledger of the bank will show the date that those two cheques were marked good or issued by the bank.

The CHAIRMAN.—He tells you that.

Mr. REID (Grenville).—Mr. Finnie doesn't know exactly whether it was two minutes, two hours or a day.

The CHAIRMAN.—He tells you all that the books will show.

Mr. REID.—He can't tell us, he does not know.

The CHAIRMAN.—He says he does.

Mr. REID.—These two cheques were issued one on the 30th and the other on the 31st December, and the ledger will show when they were issued, because the ledger keeper marks on his ledger, '30th December, so much' and '31st December, so much.' That is what the books will show; these cheques show there is a possibility that one of the cheques has been altered.

Mr. MACDONALD (Pictou).—Suppose it does show that? It will show this, that Mr. Finnie, or the Bank of Ottawa, issued to Mr. Burrows a cheque dated 30th December, that is the only thing this committee is interested in, as to when the cheque was entered doesn't make any difference.

*By Mr. Barker:*

Q. I think there is a reason here why we should see these books. You say both these cheques are dated 30th December, 1902?—A. Yes.

Q. I see they are both accepted by your bank on the 31st December, 1902?—A. They are, yes.

Q. And one of these cheques was first written, '31 December, 1902,' will you look at it?—A. I know what you refer to, there is a slight mark there, that is not a '1,' it is not an alteration.

Q. It is distinct, '31.' Now, if it had been the other way I would understand it.

The CHAIRMAN.—Let him see what it is. (Cheques handed to witness.)

*By Mr. Barker:*

Q. Is not that an alteration?—A. No, sir, these cheques were written at the same time.

Q. I dare say. Will you explain why that was first written '31'?—A. I do not think it was ever written '31.'

Q. Do you mean to say this '31' is not written distinctly?—A. There was no alteration afterwards.

Q. I do not say it was; it may have been done at the time.—A. It was done at the time, yes.

Q. How is it that the larger cheque seems to have been dated '31,' and then the '0' put in afterwards?—A. I can't explain it at all.

Q. That is the date it was accepted?—A. They were both accepted on the 31st, both charged in the ledger on the 31st and both provided for on the 31st.

*By Mr. Ames:*

Q. Were they written on the same day that they were—?—A. Yes.

Mr. AMES.—Mr. Finnie has stated they were written on the day they were accepted.

*By Mr. Macdonald (Pictou):*

Q. Were they written on the date they purport to be dated?—A. Yes.

Mr. AMES.—I understood him to say they were dated on the day they were accepted.

The CHAIRMAN.—He answered before you finished your question.



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*By Mr. Ames:*

Q. Did you see them after they were finished?—A. I wrote them myself.

Q. Did you write them on the same date they were accepted?—A. I believe I did, yes.

Q. How do you account for the fact that they were dated on the 30th and stamped on the 31st?—A. I believe that '30' is simply an error in dating.

Q. In your belief you think they were written on the morning of the 31st?—A. I am disposed to think so.

*By Mr. Macdonald (Pictou):*

Q. Is this reasoning of yours that they were written on a date different from the one that appears on the cheques the result of hearing that hon. gentlemen here have been saying?—A. No, I don't know.

Q. You are not accustomed, in ordinary business, as manager of the bank, to date cheques on different dates from those on which they were prepared?—A. Not at all, no.

Q. Have you any recollection of having made a mistake on that date in the writing of these cheques?—A. No, I have no distinct recollection about it.

Q. Have you any recollection in regard to this transaction at all outside of what you gather from the inspection of the cheques?—A. No.

Q. None whatever?—A. No.

Q. You have no recollection of the events that day?—A. No.

Q. Now, is there anything on the face of these cheques which would prompt you to say that you made a mistake and wrote 30th instead of 31st?—A. Simply the fact that they were not used until the 31st December. They were not entered until the 31st December and were not accepted until then.

Q. That is the only reason?—A. That is all.

Q. Is it not reasonable to suppose, as another explanation of why the date was made 30th, that Mr. Burrows came into your office on the afternoon of that date and arranged with you for the purpose of getting these cheques?—A. Well, I am not prepared to say that he did not do so, but it is not likely.

Q. You are not prepared to say that he did not do so?—A. No.

Q. Or that he did not discuss with you the obtaining of the cheques which he wanted to get the next morning?—A. No, I am not prepared to say.

Q. Is not that explanation quite as reasonable as the other one, that you made a mistake in dating the cheques?—A. Yes, it might be.

Q. Quite as reasonable, yes. Now, Mr. Finnie, another question. You have a calendar in your office, I suppose?—A. Yes.

Q. On your desk?—A. Yes.

Q. That calendar is changed every morning?—A. Yes, it ought to be.

Q. Did you ever find that you had made any mistake in dating a cheque before in that way?—A. Well, it would not be brought to my notice in the same prominent way if I did.

*By Mr. Bristol:*

Q. Then the fact remains that you are satisfied that the cheques were not merely written on the same day, but accepted on the same day?

Mr. MACDONALD (Pictou).—Pardon me, I am not through with my examination.

Q. Now the usual thing for you to do is to write the date from the calendar which is in front of you in the office?—A. Yes.

Q. And it would be a very unusual and exceptional thing for you to make any mistake in the date with that calendar before you?—A. Quite so, yes.

Q. And you have no recollection of having made any mistake?—A. No.

Q. There is nothing about the face of these cheques that prompts you to say that they were not written until December 31, excepting the suggestions of some

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honourable gentleman here and the fact that funds were not chequed out until next day? That is the reason?—A. Yes.

Q. You say that it is quite as reasonable to suppose that Mr. Burrows came in and arranged with you for the cheques and that you made them out and they were accepted next day?—A. That may have been done.

Q. That is quite as reasonable a supposition as that you made a mistake?—A. Yes, I suppose it is.

*By Mr. Reid (Grenville) :*

Q. Did you not swear a few minutes ago that you made these cheques out on December 31?—A. No, I did not write them on the 31st. They were issued on the 31st inasmuch as they were accepted and charged to the account on the 31st.

*By Mr. Bristol :*

Q. A moment ago you told Mr. Ames that you wrote them on the 31st?—A. Not quite.

Q. Do you want to change that now?—A. Well, I may have written them on the 31st, yes.

Q. You may have written them on the 31st?—A. Yes.

Q. Does it occur to you that when you started to write 31st on that cheque Mr. Burrows suggested that he would like to have the date written the 30th?—A. I don't believe it.

Q. Is that how you arranged it?—A. No, sir, I don't believe it.

Q. Have you any recollection about it?—A. If he did ask me to do a thing of that kind I would have the clearest possible recollection of it.

Q. You would have the clearest possible recollection?—A. I would.

Q. You don't know whether you changed from the 31st to the 30th?—A. It was done at the moment.

Mr. MACDONALD (Pictou).—Do not insult Mr. Finnie by suggesting that he was party to a deception, writing a cheque on the wrong date deliberately.

Mr. BRISTOL.—Is there any harm in that? Did you ever date a cheque on a wrong date before?

The CHAIRMAN.—I don't think it is any use wasting time. What difference does it make whether the cheques were written on the 30th or 31st?

Mr. REID (Grenville).—If one cheque was written on the 30th and another on the 31st it makes a lot of difference. I think it is most important.

The CHAIRMAN.—He says he did not do that.

Mr. BARKER.—He did not say he did not do it.

*By Mr. Bristol :*

Q. The cheques were both written and accepted on the same date, is that not right?—A. Yes.

The CHAIRMAN.—Whatever was done on the 30th there is no doubt it was not charged up until the 31st.

Mr. BRISTOL.—The witness says that to the best of his recollection the cheques were written and accepted on the same date. I would like to ask this witness if, when a cheque is marked—for instance in the case of the cheques we are discussing, I don't mean managers' cheques but customers'—when a cheque is marked by the clerk that is at once entered up in the customer's account?—A. Yes.

Q. Would there be any mark in the customer's account as shown in the ledger to show that a marked cheque was outstanding?—A. Yes.

Q. There would be?—A. Yes.

Q. So that if we saw the ledger of the bank we could see, for instance, what marked cheques were outstanding in Mr. Burrows' favour on any particular day?—A. Not unless it ran over more than two weeks. If it came back in two or three days there would be nothing to show how long it is out.

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Q. I don't mean that. I mean supposing that on the 30th December of any year Mr. Burrows got three cheques marked?—A. Yes.

Q. They would be entered up in your ledger?—A. Yes.

Q. And there would be an entry against Mr. Burrows' account that there were three marked cheques out?—A. Quite so, yes.

Q. It would not state in whose favour they were?—A. No.

Q. But just that three marked cheques were out for certain amounts?—A. Yes.

Q. So that your ledger of 30th December would show how many marked cheques were out on that date?—A. Would show how many were charged to his account on that date, yes.

*By the Chairman:*

Q. Do you distinguish between cheques that are marked and those that are paid? A. If they remain outstanding for more than two weeks.

Q. Supposing it is not, supposing that to-day a marked cheque is charged to my account, is there anything to distinguish it from other charges to my account?—A. Nothing whatever.

Q. They are all the same?—A. All the same, yes.

*By Mr. Bristol:*

Q. How do you explain that statement with what you told me, which was that marked cheques were outstanding against an account?—A. There is nothing to show that an account is outstanding unless it has been outstanding for more than two weeks. If it is brought in the following day it is just checked off and there is no distinguishing mark then between this cheque and any other cheque; they are charged up to the account on the day on which they are passed in to the ledger-keeper and that ledger will show it.

Q. For instance if I were to ask you what marked cheques were outstanding, so far as Mr. Burrows is concerned, on the 7th March, 1903, could you not tell me?—A. Outstanding cheques? What you mean by an outstanding cheque is a cheque which has not been presented for payment?

Q. Which were marked for Mr. Burrows on that day?—A. Certainly.

Q. What I want to know is whether there were five marked cheques outstanding on the 7th March, 1903, I want to know how many there were altogether.

*By the Chairman:*

Q. Does the ledger distinguish between the marked cheques and the payments made by cheque?—A. All cheques are marked. There are no cheques go through the ledger that are not marked.

*By Mr. Bristol:*

Q. I am talking of an accepted cheque that goes in with a tender?—A. There is no distinction between a cheque that goes in with a tender and any other cheque that comes in on that date provided those cheques come back within a reasonable time.

*By Mr. Macdonald (Pictou):*

Q. Or any cheques that a customer gives on that day?—A. No.

*By Mr. Bristol:*

Q. Then you cannot tell me how many accepted cheques were given to Mr. Burrows on the 7th of March by the bank?—A. Every cheque that is accepted on that day is charged to Mr. Burrows' account, or to the account of anybody else for whom it was accepted.

Q. There is nothing to show what cheques were accepted on March 7th, 1903?—A. If it is handed out on any date it is marked on that date and all cheques that are marked are entered in the ledger. It is charged up to his account.



*By Mr. Macdonald (Pictou):*

Q. But is there nothing to distinguish between that cheque that is accepted and one which Mr. Burrows, for instance, might have paid out on that date?—A. No, nothing.

Q. In other words, if Mr. Burrows cashed an unaccepted cheque on that day that would go in the ledger on the same day, and you would not be able to tell the difference between that cheque and a cheque you had marked on that day for the Department of the Interior?—A. If he cashed a cheque on that day it would be immediately passed to his account and marked.

*By Mr. Barker:*

Q. If Mr. Burrows had \$31,000 odd at his credit in your bank on that day, why didn't he issue his own cheque, and get you to mark that, instead of coming to your manager's account for it?—A. Mr. Burrows will have to answer that himself. I cannot answer it.

Q. You don't know?—A. I do not know.

Q. The ordinary course would be if a man had \$31,000 odd to his credit in your bank he would issue his own cheque and get it marked?

MR. MACDONALD (Pictou).—He would do as he pleased about that. I object to that question.

THE CHAIRMAN.—I do not see how it affects the matter in question.

*By Mr. Barker:*

Q. I want to know why this unusual course was taken, we are very suspicious and we have a right to be suspicious about this whole transaction. We want to see whether there is anything peculiar in these transactions. Here is a gentleman with \$31,000 odd at his credit in this bank, and instead of issuing his own cheque to the Receiver General or the department and getting it marked, he goes and gets a bank manager's cheque. Can you explain why he did that?—A. I do not know why he did it.

*By Mr. Macdonald (Pictou):*

Q. Have you ever issued your own cheques, or manager's cheques for anybody before this?—A. Yes.

Q. Was it an unusual thing for Mr. Burrows to get a manager's cheque from you?—A. No, it is done frequently.

*By Mr. Bennett:*

Q. What is the proportion of marked cheques as against those 'manager's cheques' do you think? (No answer).

*By Mr. Bristol:*

Q. I want to ask the witness whether on the 7th March, 1903, there were the five cheques referred to in No. 1046 and 1047, forming part of the tenders, which were charged up against Mr. Burrows' account, and the order in which they were charged up.

THE CHAIRMAN.—Are you able to answer that without looking it up?—A. Are they in Mr. Burrows' account?

*By Mr. Bristol:*

Q. Yes, on March 7th, 1903, that is what I want to know.

MR. AMES.—Cheques for \$3,000 and \$500 were accepted for 1046.

*By Mr. Macdonald (Pictou):*

Q. They were mentioned in your subpoena?—A. They are mentioned in the subpoena.

Q. You haven't the cheques?—A. I haven't the cheques at all.

## APPENDIX No. 1

*By Mr. Bristol :*

Q. That is not at all the question, it is simply a question, have you the abstract of Mr. Burrows' account?—A. No, I haven't anything of his; I haven't any abstract of Mr. Burrows' personal account, the only abstract I have is an abstract from the bank's books.

Q. You could not tell without going to the bank to look at the book?

The CHAIRMAN.—Is there any evidence, so far, to show that these amounts were cheques on this bank, I think that ought to be established.

Mr. BRISTOL.—It is so, we know as a fact, as he says Mr. Burrows had an account with him.

Mr. AMES.—In this particular case the files say there were two cheques on the Bank of Ottawa, one for \$3,000 and one for \$500. It is mentioned in the file.—A. What is the date?

*By Mr. Bristol :*

Q. March 7, 1903, what cheques were charged to Mr. Burrows' account on March 7, 1903?

Mr. MACDONALD (Pictou).—I object to the question, because in the first place the original cheques are the best evidence, and Mr. Finnie has sworn that he has returned to Mr. Burrows all the cheques that went through his bank. All the cheques he has in his possession he has produced. If these gentlemen want to get the cheques they have an opportunity of getting them. In the next place I protest against the proposition of this committee going into anybody's private bank account, there is no necessity for it. You must remember, too, how this inquiry is lengthening out as a result of going beyond the strict limits of the reference; starting out in the first place for the purpose of ascertaining the accuracy of these payments of timber rents we have exhausted every possible source of information that could reasonably be said to relate to that inquiry. We have here the papers which have convinced my hon. friends that they are entirely on the wrong scent in suggesting that there is anything improper in this matter, and why should the committee go into the private bank account of Mr. Burrows, it is absurd, and I do not know where they will end if they go on.

The CHAIRMAN.—I think that first the cheques ought to be identified before the witness is asked that question, and if you require corroboration—I understand that Mr. Burrows is to be called to produce these cheques.

Mr. BRISTOL.—If my hon. friend calls Mr. Burrows that is another matter, but we still want further information from Mr. Finnie.

Mr. AMES.—The advertisement which we have as an exhibit here distinctly states that a certified cheque on a chartered bank must accompany the tender.

The CHAIRMAN.—That is a cheque for the bonus, not for the ground rent.

Mr. AMES.—I know, but we have had this in a number of times before, so that this is evidence on matters that we have already been speaking of, and matters that have already been spoken of by the various witnesses. Now then the advertisement states that there must be an accepted cheque accompanying the tender, on a chartered bank, and inasmuch as the Bank of Ottawa supplied those cheques I want to know whether they were accepted cheques and whether they were accepted on the date set forth in the advertisement. That is legitimate, it is an essential part of the tender whether they were cheques on a chartered bank and accepted cheques and we simply want to know from Mr. Finnie whether the cheques were, on that date, accepted.

The CHAIRMAN.—He doesn't know.

Mr. AMES.—He does know, but we do not.

The CHAIRMAN.—All that he can say will be that certain amounts are charged to Mr. Burrows' account there, but he does not know what the accounts are for.

Mr. AMES.—If Mr. Finnie had his ledger account here or an abstract that would

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show whether there are two accepted cheques on the Bank of Ottawa, one for \$3,000, and one for \$500 on the 7th of March, 1903—

Mr. MACDONALD.—As a matter of principle Mr. Ames knows very well he can get Mr. Burrows with the document here to speak for itself.

The CHAIRMAN.—I think the document ought to be identified before going further.

Mr. BARKER.—How do we know that Mr. Burrows can produce those cheques?

The CHAIRMAN.—Well, you can tell better after you have examined him.

Mr. AMES.—On that same day, Mr. Chairman, there were three other cheques, presumably on the same bank, for \$4,000, \$5,000 and \$6,000, respectively; there were therefore five cheques on that day put in with tenders by Mr. Burrows for those limits. The advertisement requires that they be accepted cheques on a chartered bank, and we are simply wanting to know whether they were accepted on that day, prior to the time of opening the bids, and we think Mr. Finnie can tell us that. He has the information right under his hand if you will only allow him to give it.

The CHAIRMAN.—I don't think I will order him to answer that.

Mr. MACDONALD (Picton).—He has already told us that he cannot say what any cheques were for or who they were for that went through his bank. All he can tell is that a certain man made a cheque for a certain amount that day. If Mr. Ames wants to find out whether Mr. Burrows put those cheques into the Interior Department on the 7th March he had better call that gentleman himself who has the cheques.

Mr. REID (Grenville).—What do you rule, Mr. Chairman?

The CHAIRMAN.—I rule against this evidence.

Mr. REID (Grenville).—That he is not bound to produce the book? I certainly object to any ruling of that kind?

Mr. BARKER.—Yeas and nays.

Mr. BRISTOL.—I am astonished that you should make such a ruling in reference to a matter of this kind. I certainly think we have the right to have the ledger produced and see whether the cheques were entered up on that date. That is certainly necessary in order to enable the committee to reach a proper conclusion in the matter. The witness has the information and can give it.

Mr. MACDONALD (Picton).—That statement is absolutely incorrect and Mr. Bristol knows it. This witness cannot tell us in whose favour any cheque was made that passed through his bank on that day. Mr. Bristol knows it and Mr. Ames knows it. Why do they make these statements when the witness has sworn already several times that he could not give the information.

Mr. CHISHOLM (Antigonish).—I rise to a point of order, the chairman has already given his decision.

Mr. REID (Grenville).—I appeal against the ruling.

Mr. BRISTOL.—The point is whether the five cheques which bear the date of March 7th, 1903, were actually charged up on that date?

The WITNESS.—Are you dealing with the 7th March, 1903?

Mr. AMES.—Yes, 7th March, 1903?

The WITNESS.—One of the cheques is here. I have one cheque (producing cheque.)

#### EXHIBIT No. 4.

Cheque with tender for 1048,  
put in by A. W. Fraser.

Ottawa, Ont., 7th March, 1903.

To

No. 65715.

THE BANK OF OTTAWA.

Pay to the order of The Deputy Minister of Interior \$5,000

Five thousand ..... Dollars.

D. W. FINNIE, (4).  
Manager.



## APPENDIX No. 1

The  
(stamp) Bank of Ottawa,  
Accepted.  
Mar. 7, 1903.  
Z

Ottawa, Ont.

(stamp) Bank of Ottawa.  
Paid.  
Mar. 19, 1903.  
Banks.

Mr. BRISTOL.—I thought we had got all the cheques which the witness had.

Mr. REID (Grenville).—We can take a vote any way on this motion.

Mr. MACDONALD (Pictou).—The doctor wants to put up another 'holler' about obstruction.

Mr. REID (Grenville).—I want to see that ledger to settle the question of the date.

Mr. BARKER.—Dr. Reid is going on with his appeal to the committee from the ruling of the chair.

Mr. BENNETT.—I second that motion.

Mr. BRISTOL.—I want it distinctly understood that what I am asking is that the manager of this bank should state whether the five cheques which are part of the tenders in these two transactions were entered up on the 7th March, 1903 in this man's account.

Mr. MACDONALD (Pictou).—Excuse me one moment, Mr. Chairman. The witness told us before that he had produced all the cheques that were in his possession. He is now producing other cheques which covers the question of Mr. Ames.

Mr. BRISTOL.—It does not cover it at all. It is a reference to a different transaction.

Mr. MACDONALD (Pictou).—Excuse me. Mr. Ames said—I am in your judgment, Mr. Chairman, as to whether I am not correct—he wanted to find out from the witness as to whether or not certain cheques for \$3,000, \$500, \$6,000, \$5,000 and \$4,000 all dated March 7th, 1903, and which came from his bank, whether these accepted cheques were issued by him. Now Mr. Finnie produces, which he did not do before, cheque for \$5,000 dated March 7th, which accompanied the tender for berth 1048 put in by Mr. A. W. Fraser.

Mr. AMES.—It has nothing to do with what we are discussing.

Mr. BRISTOL.—And it is berths 1046 and 1047 that we are discussing.

Mr. MACDONALD (Pictou).—I want to ask this witness right here have you got any more of the cheques asked for by Mr. Ames bearing the date of March 7th, 1903?

The WITNESS.—None whatever.

Mr. MACDONALD (Pictou).—The witness says he has none of the cheques dated March 7th which were asked for by Mr. Ames in his possession. Now, the situation is somewhat changed from what it was a few moments ago. Then Mr. Ames was asking a certain question of this witness in regard to certain cheques. The witness has answered the question by producing one of the original cheques and stating that he has not in his possession any of the other original cheques of March 7th, 1903.

*By Mr. Macdonald:*

Q. Mr. Finnie, I suppose I can ask you this general question, to make it clear, that all other cheques that were issued by Mr. Burrows have been returned to Mr. Burrows?—A. They have been given up to him.

Q. And ought to be in his possession now?—A. They should be, yes.

Q. Now, the proposition, if there is any proposition before the committee, there are three or four rather indefinite suggestions, the main object of them being to enable the Conservative newspapers to put up a holler that there has been obstruction here—

Mr. BRISTOL.—I object; my hon. friend (Mr. Macdonald) has been talking for twenty minutes on a point not before the Chair because he wants to take up as much time as he can. He knows very well that this cheque he has been talking about for twenty minutes has nothing to do with the matter before the committee, which is in

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reference to Nos. 1046 and 1047, whereas the cheque he is referring to applies to No. 1048.

Mr. AMES.—And it is not covered by the subpoena to Mr. Finnie?

Mr. MACDONALD.—The point I was making is this, that Mr. Finnie has produced to us the only cheque in his possession which was issued on the 7th March, 1907.

Mr. BENNETT.—It does not refer to this at all.

Mr. BRISTOL.—I propose to ask about this cheque in relation to the limit to which it relates.

Mr. BENNETT.—Frankly, does it apply to the limit under consideration?

Mr. MACDONALD.—I do not know; we will find out. The point I am making is this, that Mr. Finnie, in producing that cheque, has produced the only cheque which was issued on March 7th which he has in his possession.

The CHAIRMAN.—That is the only cheque?

Mr. MACDONALD.—Yes, the only cheque, as regards any cheques issued on March 7; in regard to all other cheques which were referred to in his subpoena they were returned to Mr. Burrows and are in that gentleman's possession. Therefore, you cannot ask Mr. Finnie anything further in regard to what was done upon that day until my friends have called Mr. Burrows here and asked him to produce those original cheques which will speak for themselves. That is the point which I have been trying to make in spite of the obstructions of my hon. friends.

Mr. BRISTOL.—I ask for a ruling.

The CHAIRMAN.—This is the way the matter strikes me. We are investigating here certain items, certain payments for ground rent, made on certain berths during the last two years. Now you are seeking to give evidence of payments that were made three or four years before the period under consideration, and these payments are not referred to this committee to investigate. We have given a great deal of latitude because it has been suggested that on account of the form of the tenders there was room for suspicion that cheques might have been supplemented after the tenders were opened. As I understand it, that is the suggestion. In some cases the tender does not say the amount of the bonus and the amount is only ascertained by the cheques that are enclosed with the tender. That is not a good way to put in a tender and it leaves it open to that suggestion, that there is a possibility that a cheque might be abstracted after the tender was opened or another cheque might be substituted, or something of that sort might be done. For that reason I thought it was fair to let the inquiry go a little further than what I think is strictly evidence, in order that we may see whether there is anything in it or not. So that the question then is whether or not these cheques were the identical cheques that accompanied the tenders and which were acted upon in the acceptance of the tenders. Now as to certain of these cheques those that are in Mr. Finnie's possession have been produced by him and he gives his evidence that they were accepted on a certain date. But you are asking to go further and to investigate Mr. Burrows' private account and you are asking the witness to give evidence as to unidentified items that appear in that account. These items may be for these timber limits or they may be for anything else; I don't know what they are for. The man who does know is Mr. Burrows, he is the person who ought to have the cheques.

Mr. MACDONALD (Pictou).—He is the person who has them, so Mr. Finnie says.

The CHAIRMAN.—Whether they are in his possession or not he is the proper authority to have the cheques that accompanied the tenders. He knows best whether or not these were put in after or before the tenders were opened; and it seems to me that when the best evidence can be given by some other person, the committee would be going pretty far in calling a banker and asking him to do what the Bank Act says he shall not do—disclose the account of one of his customers. So for these reasons, at the present stage at any rate, I do not think this bank manager ought to be called upon to produce the books.

## APPENDIX No. 1

Mr. REID (Grenville).—I take issue on the statement that we want to go into Mr. Burrows' private account.

Mr. MACDONALD (Pictou).—The chairman has given his ruling.

Mr. BRISTOL.—You are overlooking the fact that we consider it of some importance to see the order of these cheques and who they were charged up to on this date. You have very rightly said that you have been liberal in most cases in allowing the inquiry to proceed but I really think, Mr. Chairman, with all respect, that you are at the present time veering a little bit to the opposite side.

Mr. AMES.—The point that Mr. Bristol has made is this: Even if Mr. Burrows were put into the box he could not elucidate the order in which those cheques were accepted in the bank. Now that is an essential fact, as to which came first, which came second, which came third and so on in being charged at the bank. That is what we want to know from Mr. Finnie.

Mr. MACDONALD (Pictou).—He cannot tell us that.

Mr. AMES.—He has a memorandum there and can tell us the order in which they were charged at the bank that day.

The CHAIRMAN.—What difference can that make?

Mr. AMES.—It may make a very considerable difference, whether the cheques were all drawn at one time or whether supplementary cheques were obtained at a later time.

The CHAIRMAN.—How does it affect the question whether one is before the other or not?

Mr. AMES.—Supposing certain cheques were before 12 o'clock or after?

Mr. MACDONALD (Pictou).—How can he tell?

Mr. AMES.—Mr. Finnie will be able to show the order in which the cheques were demanded.

Mr. MACDONALD (Pictou).—There is no record in the bank that will show that. Mr. Finnie has already told us that there is nothing on the face of the ledger account of the bank to indicate to whom the cheques were paid.

The CHAIRMAN.—This is the section of the Bank Act to which I referred, section 56 (reads):

'No person who is not a director shall be allowed to inspect the account of any person dealing with the bank.'

Mr. SPROULE.—That does not apply to the action of parliament or a committee appointed by parliament to investigate a particular matter.

Mr. AMES.—May I ask just one question of the witness?

The CHAIRMAN.—If the committee is willing. Of course, an appeal has been made to my ruling.

*By Mr. Ames:*

Q. Mr. Finnie, from memoranda which you have with you this morning would you be able to tell the order in which certain amounts were charged against that account on 7th March, 1903?

Question objected to.

Q. From memoranda which you have with you this morning would you have any difficulty in telling us the order in which certain cheques, supposing we can give you the amounts, were entered in your books on 7th March, 1903?

Mr. MACDONALD (Pictou).—I object to that question which is to find out in what order the cheques were entered in the books. The books would not show the order in which they were paid or the order in which they were taken out, which is the only thing, according to my honourable friend, that is of any importance.

Mr. AMES.—It would show the order in which they were accepted?

Mr. MACDONALD.—I said it would not necessarily show the order in which they were accepted, because the witness has told us it would not. The witness did not make the entries in the ledger to begin with, and he cannot tell whether the ledger-keeper would enter them in the proper order or not.



Mr. BARKER.—Bring the books.

Mr. MACDONALD.—That is not what Mr. Ames is asking.

Mr. REID (Grenville).—I appeal against the ruling of the chair.

*By Mr. Ames:*

Q. Mr. Finnie, one other question——

Mr. REID (Grenville).—I appeal against the ruling of the chair.

Mr. MACDONALD.—What is the ruling?—I will venture to say Dr. Reid cannot tell us what the ruling is.

THE CHAIRMAN.—We will take the vote, the yeas and nays are demanded.

Mr. BRISTOL.—Repeat the question and we will have the ruling on it first.

THE CHAIRMAN.—Put the question again, or I suppose the proper way is to have it read.

*By Mr. Bristol:*

Q. On March 7th, 1903, there appears from the record to have been five cheques of T. A. Burrows, one for \$3,000 and one for \$500 put in in respect to Timber Berth No. 1046, forming part of the tender; and in the other case of three cheques for \$6,000, \$5,000 and \$4,000 respectively, put in in respect of Timber Berth No. 1047, and the record shows also that they are on the Bank of Ottawa, with whom you say Mr. Burrows had an account. I want you to tell me whether those cheques were charged up in Mr. Burrows' account on that day.

Mr. MACDONALD.—Will you rule on that, Mr. Chairman?

THE CHAIRMAN.—What do the records show about that? I understand Mr. Ames to say the cheques were with the papers.

Mr. AMES.—The record says there were two cheques, it speaks of two cheques on the Bank of Ottawa.

Mr. MACDONALD.—There are only two cheques in this, stated to be on the Bank of Ottawa.

THE CHAIRMAN.—I think, at any rate, whether or not it ultimately may be material for the committee to ascertain whether or not they were paid on a certain date, I think that the cheques first ought to be brought here, and identified, so that we will know what we are dealing with.

Mr. BRISTOL.—My hon. friend (Mr. Macdonald) apparently does not want to call Mr. Burrows or to put in the cheques.

Mr. LENNOX.—It is quite right at this stage for the committee to ascertain whether there were any such amounts charged up against the account of Mr. Burrows on the 7th of March. If none of these amounts are charged up against Mr. Burrows' account on the 7th of March then it falsifies the statement that was made here that cheques on the Bank of Ottawa were made and issued on that date as stated. It applies, on the same principle, whether there were two or the whole five of the cheques charged to Mr. Burrows' account.

THE CHAIRMAN.—I rule against the question and there is an appeal from the ruling.

Mr. REID (Grenville).—Yes, I appeal against the ruling of the chair.

Question put and ruling of the chair sustained by 23 yeas, 16 nays.

Mr. BRISTOL.—Under these conditions we cannot ask this witness any more questions?

THE CHAIRMAN.—Not at the present time.

Mr. BRISTOL.—Therefore, we have no other evidence; we have summoned and expected Mr. R. R. Pattinson, but he will not be here at present.

*By Mr. Macdonald:*

Q. Do I understand, Mr. Finnie, you have produced to this committee all the original cheques which you have in your possession relating to matters referred to in your subpoena?—A. I have, yes.

## APPENDIX No. 1

Q. Any other cheques which may have been passed through your bank relating to the matters referred to in your subpoena have been so far as Mr. Burrows is concerned, returned to him?—A. They have been surrendered to him.

Q. You have no other original cheques in your possession, belonging to him, than those five cheques you have produced?—A. No.

*By Mr. Barker:*

Q. You have entries in your books showing when you accepted Mr. Burrows' cheques that you have given back to him?—A. Oh, yes.

*By Mr. Macdonald:*

Q. But not what they are for?—A. Not what they are for.

Q. And it would be impossible to tell, from an examination of your books, whether the cheques are made out in favour of the Department of the Interior, or Tom Jones or anybody else?—A. Quite impossible.

*By Mr. Reid (Grenville):*

Q. But it shows the amount of the cheques?—A. It shows the amounts.

*By Mr. Lennox:*

Q. It will be possible to show what amounts were charged against Mr. Burrows' account on any particular day?—A. Unquestionably, yes.

*By Mr. Ames:*

Q. It would be possible to tell us the order in which those cheques were entered up in your books as being charged to Mr. Burrows' account, namely, the item of \$500, \$3,000 and \$4,000, \$5,000 and \$6,000?—A. It would show the order, yes, undoubtedly.

*By Mr. Macdonald:*

Q. It would show the order in which they were charged up in your books, but not necessarily the order in which they were issued or made?—A. The charging up in the ledger and the issuing of the cheques is one and the same.

Q. Yes, but not necessarily—that is when you issue your cheques you are unable to speak of the practice of the ledger-keeper in entering them up, you are speaking entirely of your own individual practice?—A. If a cheque is presented for acceptance it is entered up at once.

Q. By you?—A. By the ledger-keeper.

Q. You can't speak of what the ledger-keeper does, you can only speak of what you would do yourself?—A. You are speaking now of a cheque presented to be accepted; it is entered immediately it is put into the hands of the ledger-keeper.

Q. By the ledger-keeper, it is his duty?—A. Yes.

Q. The ledger-keeper at that time, 1903, is the only person who can speak as to that being absolutely so?—A. It follows next in order as it comes in.

*By Mr. Boyce:*

Q. When a cheque is presented, and marked by the ledger-keeper, is there any other mark on it to show that it is outstanding and not paid over the counter?—A. No, there is no distinction between them only that if it is presented at the counter and cashed it would have 'paid' stamped on the face of it.

*By Mr. Bristol:*

Q. You did produce a manager's cheque on the 7th of March, 1903 in favour of the Deputy Minister of the Interior for \$5,000?—A. Yes.

Q. With a memorandum attached showing that it relates to a tender for Timber Berth 1048 put in by A. W. Fraser?—A. Yes.

Q. That was furnished by Mr. Burrows in respect of 1048?—A. That slip was written by Mr. Burrows and attached to that cheque indicating in what reference it was made

*By the Chairman :*

Q. Do you put numbers on the cheques when they are accepted?—A. No.

Q. There is nothing on the cheques themselves to show in what order they are accepted?—A. Nothing.

Q. Then if two or three cheques are accepted at the same time in what order would they be entered by the ledger-keeper, would he enter them according to the way he picks them up?—A. Yes, he picks them up and enters them in the ledger and that is the order in which they remain.

*By Mr. Reid (Grenville) :*

Q. And the ledger will show that?—A. Quite so.

*By Mr. Boyce :*

Q. When you check up the ledger is there no mark put opposite a cheque which is out and for which you have no voucher?—A. There is no special mark on the cheque, no.

Q. I am talking about when you check up the ledger and with the vouchers for which charges are entered there; is there no mark put upon the ledger to distinguish between items for which you have cheques as vouchers and items which are outstanding and for which there are no cheques in the hands of the bank?—A. Yes, in the case of an outstanding cheque there is a mark 'absent' which is not there in the case of another cheque which is charged up and has been paid and returned to the bank. There is a mark opposite the cheque if it is outstanding which is wanting on the cheque returned.

Q. So that your ledger account would show in the case of cheques that were marked and outstanding that they were absent?—A. They were absent until such time as they came in and then the mark would appear.

On motion of Mr. Maclean (Lunenburg) it was resolved that the investigation be adjourned until Wednesday next, when Mr. Turriff, M.P., and Miss Munroe, of the Department of the Interior, be asked to appear.

Mr. MACDONALD (Pictou) expressed his surprise that the gentlemen conducting this inquiry had not asked for the attendance of the very people who could tell them all about it.

Mr. REID (Grenville).—I am surprised that Mr. Turriff, as a member of this committee, has to be summoned.

.. Mr. TURRIFF.—I am not a member of this committee and I have been here every day since this investigation was started prepared to give evidence—prepared to do so to-day, or next Wednesday, or at any time—and to be cross examined by every member in the House.

Mr. BENNETT.—When did you change your mind?

Mr. TURRIFF.—I never changed it.

Witness discharged.

Committee adjourned.

HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

WEDNESDAY, March 25, 1908.

The Committee met at 11 o'clock a.m., and proceeded to the further consideration of certain payments to the Department of the Interior in connection with timber dues and rental of timber berths.

Mr. DUNCAN FINLAYSON presiding.



## APPENDIX No. 1

Miss MUNRO called, sworn and examined:

*By Mr. Pardee:*

Q. What is your occupation, Miss Munro?—A. I am secretary, I suppose you would call it, to the Commissioner of Dominion Lands.

Q. And are you a second-class clerk in the department?—A. A junior second-class.

Q. How long have you been secretary to the commissioner?—A. I think since 1901.

Q. And who have been the different commissioners from that time that you had to do with?—A. Mr. Turriff and Mr. Greenway.

Q. Mr. Turriff was commissioner from when? Do you recollect?—A. No, I do not know.

Q. When did he cease to be commissioner?—A. I think in 1904.

Q. And since that time Mr. Greenway has been commissioner?—A. Yes.

Q. As commissioner, did Mr. Turriff have to do with tenders for timber berths?—A. Yes.

Q. Had you something to do with those tenders, too, Miss Munro?—A. Yes.

Q. Now, just explain shortly what you had to do with the matter of tenders during Mr. Turriff's regime?—A. Well, I kept a diary and in it I posted the advertisement slips for timber berths opposite on the dates on which the tenders were to be opened; it was part of my work to watch this, and on those dates to bring the tenders to the commissioner at the correct time of day when they should be opened.

Q. You kept charge of the diary yourself?—A. Yes.

Q. And saw that the tenders, at the proper time, were brought before the commissioner and opened?—A. Yes.

Q. Who had to do with the tenders when they came in?—A. Well, sometimes they were handed to the commissioner, very often to me.

Q. And as soon as they were handed either to you or the commissioner, what was done with them?—A. We put them in a small safe in the commissioner's office.

Q. That is immediately they were received?—A. Immediately they were received.

Q. Did any one else get the tenders besides you or the commissioner?—A. No.

Q. And the practice was that immediately these tenders were received they were put in a small safe in the commissioner's office and left there until when?—A. Until the date they were to be opened.

Q. And then what took place?—A. I took this diary that I kept and opened the safe and brought the tenders to the commissioner.

Q. And were they then opened?—A. They were then opened.

Q. In whose presence?—A. Mine.

Q. In the presence of yourself and the commissioner?—A. And the commissioner, and sometimes other people.

Q. But they were always opened in your presence and in the commissioner's presence?—A. Yes.

Q. And sometimes other people. And then, speaking of Mr. Turriff's time, what became of them then?—A. As soon as they were opened I took them to the chief clerk of the Timber and Mines Branch.

Q. And do you know then what happened?—A. No, I do not know.

Q. You do not know. Then that procedure continued in force until when?—A. After the Timber and Mines Branch was moved down to the Canadian building the tenders were brought to the accountant, because the commissioner was afraid something might happen to them if they were sent by messenger between our block and the Canadian building.

Q. After that moving down of the Timber and Mines Branch to the other building the tenders were taken to the accountant?—A. Yes.

Q. That is the tenders after they had been opened?—A. After they had been opened.

Q. Did the same system of opening tenders go on during Mr. Greenway's time, too?—A. Just the same.

Q. The diary was kept?—A. Yes.

Q. And when the tenders were received they were put in the safe, and they were opened in the presence of yourself and Mr. Greenway?—A. Yes.

Q. And then after they were opened, what was done with them during Mr. Greenway's time? Was it any different to what was done during Mr. Turriff's time?—A. Well, we kept a memorandum of them.

Q. Have you any copy of that memorandum?—A. Yes. (Producing memorandum.)

Q. This is the copy of the memorandum of the tenders that have been received, for instance, this one here is for Tuesday, 7th January?—A. Yes.

Q. And when they were opened and when it was found what tenders they were, did Mr. Greenway, or whoever was in charge, dictate this to you?—A. Yes.

Q. And you put down all the tenders that had been received, together with the amounts that had been tendered for these berths?—A. Yes.

Q. That is right, and were the tenders awarded then?—A. They were awarded, after the Timber and Mines Branch was moved.

Q. Yes, they were awarded after the Timber and Mines Branch had moved?—A. By the commissioner.

Q. By the commissioner?—A. Yes.

Q. And he made a note then of this; the memorandum states here, which tenders were to be accepted?—A. Yes.

Q. Together with the sums, opposite the names of those who had secured the berths?—A. Yes.

Q. After having first set out in detail all the tenders that had been received, from whom they were received, and the prices that had been offered for the berths?—A. Yes.

Q. So that, taking this memorandum here, which you have pasted in, as of the 6th of January, 1908, that shows that certain tenders were made for these berths, showing all the tenders that were made, in accordance with the advertisement, the prices which were offered for these berths, and that the highest tender had been accepted?—A. Yes.

Q. That is what that shows?—A. Yes.

Q. That, then Miss Munro, was the invariable practice since you have been in the department, since 1901. I think you said? Or is that the practice only since Mr. Greenway took charge?—A. The commissioner only accepted tenders since the Timber and Mines Branch moved.

Q. When was it that the Timber and Mines Branch moved, do you recollect, Miss Munro?—A. I could not give the date, but I fancy about a year ago, I would not say for certain, I do not know.

Q. I think I understood you to say before to me that a memorandum had always been kept prior to Mr. Greenway's time?—A. No, not always.

Q. Sometime it was?—A. No, I do not think so.

Q. Well, it has always been kept since his time?—A. I do not think it was kept when he came first.

Q. But you always did make a memorandum which accompanied the tenders when they were sent away from the commissioner?—A. Yes.

Q. Always?—A. Yes, sir.

Q. But the memorandum prior to Mr. Greenway's time was not retained in the way it is now, is that right?—A. Yes, that is right.

*By Mr. Bristol:*

Q. How long have you been in the service, Miss Munro?—A. Since 1901, I think.

Q. Since 1901?—A. Yes.

Q. In what department were you then appointed?—A. Department of the Interior.

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Q. And for whom did you first work?—A. I think I first worked for Mr. Cory.

Q. As stenographer?—A. No.

Q. In what capacity?—A. I think in the Patent Branch.

Q. Do you write shorthand?—A. Yes.

Q. And you are a typewriter?—A. Yes.

Q. When you first came into the employ of the government were you not expected to write shorthand and use the typewriter, or were you employed as you say, in the Patent Branch?—A. I don't know.

Q. When did you first start taking regular stenographic work?—A. I think I had been there about a month.

Q. Doing that class of work?—A. Yes.

Q. You had been there about a month before you started?—A. Yes.

Q. Quite so. And the office—was it 'Commissioner of Crown Lands' or 'Commissioner of Timber and Mines' when Mr. Turriff was first appointed?—A. I was not there when Mr. Turriff was first appointed.

Q. I thought you were there in 1891, he was appointed in 1897, or I am mistaken in that? Did you say you were there in '91?—A. In 1901.

Q. Then Mr. Turriff was appointed in 1902, was it?

Mr. PARDEE.—1898.

*By Mr. Bristol:*

Q. So that you did not work for Mr. Turriff from the inception of his appointment in 1898?—A. No.

Q. And you did commence the work for him when?—A. In 1891.

Q. In 1891 you went into his office, and had he an office separate from yours?—A. Yes.

Q. What were the special duties that you were to perform for Mr. Turriff?—A. Well—

Q. The duties ordinarily performed by a stenographer for a chief of a department?—A. Yes, I guess so.

Q. He would dictate his letters to you which you transcribed, or he would dictate memorandums to you which you would make—you describe yourself as 'secretary'?—A. Yes.

Q. So Mr. Turriff had been there three or four years before you started to work for him?—A. I suppose so, I do not know.

Q. I see you are producing a diary here for 1908, and perhaps you would open it at the place where you opened it for Mr. Pardee?—A. I think that is it (opening diary).

Q. Where is the diary previous to this that you say contained entries of a similar character to those contained in this diary for 1908?—A. For 1907?

Q. Quite so?—A. I have it over in my office.

Q. How far back do the memorandums of the character contained in this diary of January, 1908, in relation to timber berths go?—A. I do not know.

Q. You kept the diary, and the diaries, I suppose, would show?—A. Yes.

Q. I just want to understand what you were saying. If I understood correctly these detailed memorandum, which appear in January, 1908, do not go back for more than a year?

Mr. AMES.—There was a separate book for each year.

*By Mr. Bristol:*

Q. I know, but she did not make a memorandum of this detailed character in relation to the timber berths for more than a year previous to 1908—that is what I understood, Miss Munro?—A. Will you ask the question again.

Q. You produce a diary here for January, 1908, in which there are some memoranda, a detailed statement, in reference to timber berth No. 1413, with the names



of the tenderers, &c. How long have you kept a diary of this character?—A. Well, I always did since I had anything to do with the timber berths.

Q. If you produce the diary for the year 1902 or 1903, do you say it will contain a detailed statement of the tenderers for the various timber berths in those years?—

A. I did not keep them.

Q. Who did?—A. Nobody did.

Q. That is what I thought. Then you were under a misapprehension when you told me that you kept a similar diary ever since you went into the department?—A. No, I was not. When I said I did not keep the diaries I meant I did not keep them from year to year, when the year was up I suppose I threw it in the wastepaper basket.

Q. Well, it is a very simple matter, you are the one I want to get the statement from, and I am sure you want to give it to me. Did you keep a detailed memorandum, ever since you have been in the department, of the character which appears here in this diary for 1908?—A. I made one, but I did not keep a copy.

Q. You made a memorandum, but you did not keep a copy?—A. Yes.

Q. Since when have you started to keep a copy?—A. Since Mr. Greenway told me he thought we might need it and asked me to make a copy to keep.

Q. In order that you might have a record to refer to?—A. Yes.

Q. Prior to that date if you made a record you did not keep it?—A. No.

*By Mr. Macdonald (Pictou):*

Q. What would become of the memorandum you made?—A. It was handed in to the chief clerk of the Timber and Mines Branch with the tenders.

Q. It would be found there, Miss Munro, I assume, with the tenders?—A. It might.

*By Mr. Bristol:*

Q. You, occasionally, I suppose, take holidays?—A. Yes.

Q. You are allowed holidays?—A. Yes.

Q. When you were away who did the class of work you had to do?—A. I do not know.

Q. At what period of the year did you usually get your holidays?—A. Well, not always in the summer.

Q. You were not suspecting Mr. Turriff of any wrong-doing in opening the tenders, were you?—A. No.

Q. Such a thing never crossed your mind?—A. It never crossed my mind.

Q. You were not watching him to see whether he was slipping in cheques or not slipping in cheques? That is right, isn't it?—A. I watched him open the tenders.

Q. You had your suspicions of him, then, you wanted to see what he was doing—for instance, can you recollect the opening of any specific tenders?—A. No.

Q. Are you prepared to swear positively that you were always present when the tenders were opened, when Mr. Turriff was there, all the time?—A. Except when on my holidays, yes.

Q. There was no duty on your part to watch Mr. Turriff opening the tenders?—A. No duty.

Q. He did not tell you to watch him to make sure that he was opening the tenders or awarding them right?—A. He never told me anything.

Q. Of course now you were the stenographer to take notes as he chose to dictate to you with reference to these tenders?—A. Yes.

Q. Those were your duties?—A. Yes.

Q. I think you told us frankly that the tenders sometimes came in to you and sometimes to the commissioner?—A. Yes.

Q. And sometimes they were given to other clerks in the department?—A. They were sometimes handed in to other clerks in the department.

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Q. But when the tender was given to the commissioner you were not always there to tell what he did with it?—A. No.

Q. So that he might have put it in the safe, or he might not have put it in the safe, that is quite true, isn't it?—A. I suppose so.

Q. He might have left it out on his desk, for that matter, a man is sometimes forgetful, you know, or he might have put it in the safe—I suppose he kept the key of the safe?—A. It did not have a key.

Q. It was open to all, then?—A. No.

Q. It was not?—A. It had a combination.

Q. And who had the combination?—A. Mr. Turriff knew the combination and I knew the combination.

Q. So there was free access to the safe both on your part and on the part of Mr. Turriff?—A. Yes.

*By Mr. Pardee :*

Q. You did see everything that did go on while the tenders were being opened?—A. Yes, I certainly did.

*By Mr. Bristol :*

Q. That is a pretty hard thing to pledge you to when you might have wanted to look out of the window for something. You had no duties to watch Mr. Turriff opening the tenders, it was no part of your duty to see that he was opening the tenders properly?—A. Nobody told me to watch him.

*By Mr. Pardee :*

Q. Following up Mr. Bristol's line of questioning, you went into the room with the tenders?—A. Yes.

Q. Did you sit down at the desk with Mr. Turriff?—A. No, I sat down in a chair.

Q. You sat down at the desk?—A. Yes.

Q. You sat down on a chair at the desk with Mr. Turriff?—A. Yes.

Q. And all the time the tenders were being opened you were sitting there?—A. Yes.

Q. You were not looking out of the window as Mr. Bristol suggests?—A. No, I was not.

Q. You went in there for the purpose of being there while the tenders were being opened, and you did that?—A. Yes.

Witness discharged.

Mr. J. G. TURRIFF, called, sworn and examined.

*By Mr. Maclean (Lunenburg):*

Q. Mr. Turriff, you are a member of parliament, are you not?—A. Yes, sir.

Q. Are you a member of the Public Accounts Committee?—A. No, sir.

Q. You know the inquiry in reference to timber limits that has been going on before this committee for the past three or four or five weeks?—A. Yes.

Q. Have you attended all the meetings of this committee at which this matter has been considered?—A. I think so.

Q. You think you have. Did you ever offer to give testimony here?—A. I did.

Q. In regard to these tenders for these timber berths?—A. I did.

Q. You offered to give testimony?—A. Yes.

Q. You stood up in the committee and offered to do so, orally, I suppose?—A. Yes.

Q. Did anybody ever call you before to-day?—A. No.

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Q. Well now, Mr. Turriff, I am going to ask you a few questions, a very few, and they refer to a certain number of timber berths, namely, No. 1021, No. 1052, No. 1058, No. 1118, No. 1119, No. 1122, which are the berths for which the tenders are before the committee. I simply wish to direct my questions to those particular timber berths, and you need not vary from them, or stray away from them. If you want to look at the original papers at any time during the examination, Mr. Turriff, they are here, and if you are not sure about anything you can see them. Possibly I did not give the complete list of the timber berths under consideration, but what I mean to say is that whatever the questions, I mean they shall relate to the timber limit tenders which are before the committee and the payments in regard to which are being investigated. Mr. Turriff, you were Commissioner of Dominion Lands at one time in the Interior Department, were you not?—A. Commissioner of Dominion Lands.

Q. In what year were you appointed to that office?—A. In 1898.

Q. In 1898 you were appointed, when did you leave it?—A. In February, 1904.

*By Mr. Bristol :*

Q. When did you say you were appointed, I did not catch it?—A. In July, 1898.

*By Mr. Maclean (Lunenburg) :*

Q. Among your duties generally you were charged with the duty of opening tenders for timber berths, were you not?—A. Yes.

Q. Tenders were asked for timber limits upon the requisition of somebody, was not that the practice?—A. Yes, anybody desiring to acquire a timber berth wrote to the department and the course was to refer the matter to the local agent in the district, and if it was clear then it was advertised and put up to competition.

Q. It was advertised and put up to competition, and when the tenders were received it was your duty to open those tenders?—A. Yes.

Q. From whom did you get the authority or instructions to open these tenders?—A. From the deputy minister.

Q. Who was he?—A. Mr. Smart.

Q. Did you get those instructions immediately upon entering upon your official duties in 1898?—A. No.

Q. When did you get them?—A. Several years after, it must have been, I think it was about 1901, or 1902.

Q. Then you commenced opening tenders on the instruction of the deputy minister?—A. Yes.

Q. That was Mr. Smart?—A. Mr. Smart.

Q. Did all the tenders come to you, Mr. Turriff, for timber limits?—A. They all came finally to me, yes.

Q. But primarily did they all reach your hands in the first instance?—A. Well, the tenders were directed, any of those in the envelopes supplied by the department, were directed to the secretary, and the clerk in charge of the correspondence who received them sent all those envelopes to the Timber and Mines Branch and the chief clerk of the Timber and Mines Branch then brought them to me, those were tenders coming through the mails.

Q. Tenders coming through the mail? Would those tenders get to anybody else in the department?—A. Well, they go through the hands of the chief clerk of the correspondence branch and through the Timber and Mines Branch.

Q. And then they would be handed to you?—A. They would be handed to me.

*By Mr. Reid (Grenville) :*

Q. How did they come through your hands, were they addressed to you?—A. Those which were not addressed to the secretary would. All mail addressed to the secretary went to the chief clerk of the correspondence branch. The secretary does not open any general correspondence.



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*By Mr. Maclean (Lunenburg):*

Q. If a tender came addressed to the department, or to some official, without a memorandum on the envelope saying that it was a tender, might that envelope be opened?—A. It would be opened.

Q. Who would that go to as a rule?—A. It would be opened by the chief clerk of the correspondence branch.

Q. He would have to open it of course?—A. He would open it not knowing it was a tender.

Q. Not knowing it was a tender he would be obliged to open it?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Who was he?—A. At one time it was Mr. Henry, for part of my time, and afterwards it was the present official, Mr. Roberts,

*By Mr. Maclean (Lunenburg):*

Q. Well, what was the practice?—A. Then as soon as it was found it was a tender it was sent down to my office.

Q. Did you ever receive the tender of any person personally, from a person?—A. Yes.

Q. It did not always come by mail?—A. No.

Q. Tenderers often handed them in?—A. They often handed tenders in.

Q. And they handed in their applications personally?—A. Yes.

Q. What was your practice as to the opening of tenders, Mr. Turriff. In the first place, what hour of the day did the hour for tendering cease?—A. Twelve o'clock noon.

Q. Did you ever receive tenders after twelve o'clock noon?—A. Never in my life.

Q. Well, supposing a tenderer went down to the Timber and Mines Branch, say at three minutes to twelve o'clock noon, would you wait long enough to get any tender up from there?—A. Yes, it was my practice not to open the tenders until at least fifteen minutes after twelve, more usually 12.30.

Q. That was to give an opportunity to receive tenders from the Timber and Mines office?—A. Yes.

Q. So as to receive misdirected or improperly directed tenders which might get in?—A. The only object I had in mind in doing that was that possibly a tender might be handed in to the Timber and Mines Branch say at 5 or 10 minutes to twelve, and possibly might get into my hands sharp at 12 o'clock. I waited always until about 12.15 anyway before I took the tenders out and opened them.

Q. Will you tell me what was your practice in opening tenders; did you do it alone as a rule?—A. No.

Q. Go ahead, Mr. Turriff, will you explain how you did it?—A. My practice was from the time I started to open the timber tenders. I gave instructions to my secretary to keep a diary, so that when the date arrived we would know exactly which tenders were to be opened on that day. Sometimes there would be as many as six or eight or ten, and shortly after twelve, at a quarter after twelve or some time about then, my secretary would come into my office—my secretary's office was just adjoining mine, a door between—and take the tenders out of the safe and bring them to me. I would open them, make a memorandum of the names and the amounts tendered by each individual tenderer for each limit, place all the tenders with the cheques, or the money, whichever was in them, all together, and as soon as they were opened either myself—but I think in most or all cases I handed them to the secretary, or the secretary took them and carried them down and delivered them to Mr. Ryley the chief clerk of the Timber and Mines Branch.

Q. You were simply charged with the duty of inviting tenders, the reception of the tenders and the opening of the tenders?—A. And the opening.

Q. And then you transmitted the tenders down to the Timber and Mines Branch to Mr. Ryley?—A. Yes.

Q. It was his duty then to carry out the rest?—A. Yes.

Q. Did you ever mark envelopes which brought tenders to you or to the department, what was your practice in regard to that?—A. It was my practice, when tenders came in and were delivered to me personally, it was my usual practice to just make a note of the time of day on the envelope, the time that they were received.

Q. Did you always do that, Mr. Turriff?—A. No, I am not prepared to say that I always did, but that was my intention and my practice.

Q. To mark the hour?—A. The hour at which they came in.

Q. Well, if a tender was received by you, say a week before the date upon which you were to open tenders, would you mark the date?—A. I don't think so.

Q. You don't think you would?—A. I don't think I would.

Q. What was your practice as to the marking of envelopes? Did you have any practice about it?—A. No, I did not look on it as material at all.

Q. Would you be more apt to mark the time upon envelopes which were received close to the hour for the opening of tenders?—A. Well, it was my practice, I think, to mark on them the time of all that came in on the day the tenders were opened.

Q. You would be more apt to mark on the envelopes the hour of their reception on the day the tenders were opened than on other days?—A. I think so.

Q. Were these tenders always made upon the forms supplied by the department?—A. Oh, no.

Q. They were not?—A. Oh, no.

Q. In point of fact the records show that, I think. Have you ever looked over the form of tenders put in the department prior to the time you entered it?—A. I never did specifically, but I have seen lots of them, lots of them on old files have passed through my hands.

Q. Were they always on the form supplied by the department?—A. No.

Q. They were not; then it has been the common practice not to use the departmental forms?—A. Yes; the practice for many, many years.

Q. Some of the tenders received in connection with these timber berths do not state the amount of the bonus offered?—A. Some of them did not.

Q. You have noticed that; was it a common thing?—A. Yes, a good many did not.

Q. A great many did not?—A. A good many, not a great many.

Q. Have you ever, casually going through the files, noticed tenders put in to the department which did not state the bonus offered prior to your going into the department?—A. I do not remember.

Q. Did the tenders always have a cheque—a certified cheque—or cash, or both?—A. Sometimes one, sometimes the other and sometimes both.

Q. It was not an unusual thing to have a mixed tender, cash and cheque?—A. No.

Q. It was not an unusual thing, then, to have cash accompanying the tender?—A. No.

Q. During your regime as land commissioner were these timber berths that were put up to auction always awarded to the highest tenderer?—A. Always.

Q. And in no case was the tender awarded to anybody in which the tender was not accompanied with a certified cheque or cash?—A. Never.

Q. The conditions were always fulfilled as far as that goes?—A. Always.

Q. Now, Mr. Turriff, did you ever disclose—did you ever permit tenders to be received after twelve o'clock otherwise than you have already explained?—A. I never received a tender one moment after twelve o'clock in the whole course of my administration. Now and then—

Q. Did anybody ever solicit you to accept a tender after twelve o'clock?—A. I never was asked. On a few occasions tenders came in later than the time specified, but they were not dealt with.

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Q. Did you ever disclose to any person whatever any information regarding tenders received by you from other people?—A. No.

Q. You never disclosed any such information?—A. No, I never did.

Q. Mr. Turriff, did you ever permit anybody to change their tender after it was deposited with you?—A. Never.

Q. Did you ever permit anybody to supplement the money accompanying the tender with an additional amount of money after hours?—A. Never.

Q. Or an additional cheque?—A. Never in any way.

Q. Or additional money of any kind?—A. I never did.

Q. The names of certain companies and individuals appear on the record in connection with these timber berth tenders as assignees; for instance, there is the Imperial Pulp Company and there is the Big River Lumber Company, I think it is, and Mr. Burrows and Mr. A. W. Fraser. You have heard, you know, of these corporations or individuals?—A. Yes.

Q. Are you interested in any of these companies?—A. No. I am not.

Q. Were you ever interested in them?—A. I never was interested either directly or indirectly, by myself or anybody else; nobody ever promised me anything, nobody is holding anything for me in any shape or form, in any respect in any of the companies or any one of them.

Q. And you haven't been interested in these corporations, or interested with these individuals in any timber limit in the west since going out of office?—A. No, neither in the west or anywhere else.

Q. Mr. Turriff, you haven't got that same suit of clothes now that you would wear in 1902 or 1903, have you?—A. I don't know, perhaps Dr. Reid might tell you.

Q. I suppose you haven't that same suit of clothes now around to-day with you?—A. Not that I know of.

Q. Did you have a private 'side pocket' in any of your suits at that time? I see that Mr. Foster, speaking on the 6th of February, said, these tenders 'were given into the private side pocket of Mr. Turriff,' is there anything in that or is it merely a dream?—A. He knows more about it than I do.

Q. That is hallucination on the part of the member for North Toronto?—A. Yes, spoken in a moment of weakness, I suppose.

Q. He also said, 'hundreds of thousands of dollars' were pressed upon you by applicants for timber berths?—A. That is the only time I heard of it.

Q. Did you ever have any offered you?—A. There was never any suggestion by anybody.

Q. Nobody ever suggested to you to do anything improper while you were in office?—A. Never once.

Q. Did partizan or political partisan considerations ever affect you down there?—A. Never.

Q. Did the solicitors and lawyers who had their fees to gain, affect you in the discharge of your official duties there?—A. No, sir.

Q. I see Mr. Foster said, 'A strong partisanship dyeing every fibre of his body,' that is your body. Is there anything in that?—A. Well, I am a party man.

Q. But it did not affect you in the discharge of your official duties?—A. In all my official career of six years I never once allowed partisanship to make me unfair to any official in the department, or to do an injury or a wrong to anybody who was on the opposite side, or to give any particular advantage to one of our own friends.

Q. Did you have 'a darkened and secluded room' down there in which to open tenders?—A. I did not.

Q. There is nothing in that?—A. Absolutely nothing.

*By Mr. Macdonald (Pictou):*

Q. Perhaps you might tell us how your rooms were situated in relation to the other business rooms?—A. My office was a small room, perhaps one-fourth the size



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of this room, and my secretary's office was right beside it, and there was a swing door opening between.

*By Mr. Maclean (Lunenburg):*

Q. Now, Mr. Turriff, when you opened those tenders, who was with you?—A. As a rule, I was with my secretary.

Q. Who was Miss Munro?—A. Miss Munro.

Q. Miss Munro who gave evidence just before you this morning?—A. Yes.

Q. That was the general practice?—A. That was the practice.

Q. She was always present with you?—A. She was always present unless she was away on her holidays. I never opened tenders behind locked doors. Often, or on several occasions, while we would be engaged in the opening of tenders people would come in and out of the office.

Mr. BLAIN.—When you read what Mr. Foster said about the hundreds of thousands of dollars and the commissioner, I think it was unfair, Mr. Maclean, to bring it before the committee in that way. I would like you to read the whole sentence.

Mr. MACLEAN (Lunenburg).—(Reads): 'And when hundreds of thousands of dollars—'

Mr. BLAIN.—Read prior to that.

Mr. MACLEAN (Lunenburg).—It is not necessary to read anything before that.

Mr. BLAIN.—What I want, Mr. Chairman, is, as Mr. Foster is absent this morning, to have the whole sentence read because the inference is from the extract that Mr. Maclean has read that Mr. Foster stated in the House that hundreds of thousands of dollars were pressed upon the commissioner for wrong purposes.

Mr. MACLEAN (Lunenburg).—Very well, I will read it, (reads): 'And when hundreds of thousands of dollars and partisan considerations were pressed upon him, from the man who made the application, from interested friends who backed him up, from lawyers who had their fee to gain and their charges to get—when all that took place, a strong partisanship dyeing every fibre of his body, he was put into a darkened and secluded room and given the full power of arbitration in reference to those matters.'

*By Mr. Maclean (Lunenburg):*

Q. Mr. Turriff, when these tenders were received what did you do with them? Perhaps I have gone over this before, but I want to go over it again—when the tenders were received by you where were they placed?—A. In the safe.

Q. And there they were kept until the day for opening the tenders?—A. Yes.

Q. When it arrived you took those tenders from the safe?—A. My secretary took them.

Q. And in her presence you opened them?—A. I did.

Q. You then had prepared the memorandum giving the names of the tenderers and the bonus offered?—A. Yes.

Q. You then sent all the tenders, accompanied by this memorandum, down to the Timber and Mines Branch?—A. To the chief clerk's office.

Q. And there your work ended?—A. That was the last I ever saw of them.

*By Mr. Johnston:*

Q. Mr. Maclean has not been altogether fair to Mr. Foster and in justice to that gentleman I agree with Mr. Blain that the whole thing should go on the Hansard. Here it is. (reads), 'The man' that refers to the witness?—A. Yes.

Mr. BLAIN.—Start three or four lines above that.

Mr. JOHNSTON.—If I had a week I would like to read the whole of it and ask the witness what he thinks of such a reckless statement. But here is a concrete case that I want to have the witness express his opinion under oath with regard to, and then we would like to have Mr. Foster to go into the box also and be examined under oath in regard to these things. Now Mr. Foster said—

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'The man he brought from the west was put in a position of authority, and instead of the tenders thereafter being adjudicated upon by Mr. Ryley and his coadjutors they were given into the private side pockets of Mr. Turriff.'

Q. Were they given into the private side pocket of Mr. Turriff?—A. They were not.

Q. That statement therefore is not correct?—A. It is not true, it is a lie.

Mr. CHISHOLM (Antigonish.)—I would like to say that I do not think that the question of Mr. Foster's veracity is on trial here at all, we should not go into that question.

*By Mr. Bristol:*

Q. You are a native, I understand, of Quebec, Mr. Turriff?—A. Yes.

Q. Educated in Montreal, and you went west when?—A. It is now thirty years ago, in 1878.

Q. And were you in business in the west?—A. Yes.

Q. Whereabout?—A. Carlyle, Sask.

Q. And from 1878 to the present time you have been familiar with western conditions?—A. Yes.

Q. You, I think, were in parliament in the west—in 1884?—A. I was in the local legislature for three terms, short terms, from 1884 to 1891, when I resigned.

Q. You were the defeated candidate in 1891 in the Dominion elections?—A. Yes.

Q. And after your defeat you were appointed to the position here?—A. Oh no.

Q. Or had you been in the government employ before that?—A. No, I had not, I was not appointed to the position here then.

Q. When were you first appointed to the position under the government?—A. In 1898.

Q. Was that here in Ottawa or in the west?—A. Here.

Q. What was the official title you had at that time?—A. Commissioner of Dominion Lands—that was the only position I ever held in the public service.

Q. Were you the first incumbent in that position?—A. No, I succeeded the late A. H. Burgess.

Q. When was that position created?—A. It was many years ago, under the Conservative regime, Mr. H. H. Smith was commissioner for many years in Winnipeg.

Q. Did your duties as commissioner take you to the west from time to time?—A. Occasionally.

Q. You were in correspondence with the various agents of Dominion Lands throughout the west?—A. Well, I was not in direct personal correspondence, but I had full charge of the administration of the land under the minister and the deputy.

Q. So that, as I say, it was your duty to be familiar with western conditions and the growth of the west?—A. I was fairly well familiar.

Q. When you first went there in 1878 of course there was no C. P. R?—A. No.

Q. That was constructed during your residence in the west?—A. Yes.

Q. And it was finished about when?—A. Sometime in the '80s, I think about 1887 or 1888, perhaps it was finished.

Q. And after the construction of that road I think, other railroads followed in a short time; the Northern Pacific built into Manitoba?—A. Yes, sometime after.

Q. And afterwards the Canadian Northern commenced?—A. There were several other local roads built that were later on secured by the C. P. R., and then the Canadian Northern came in.

Q. But the chief factors were the C. P. R. and the Canadian Northern, so that in 1900, shortly after you came down here, the conditions had enormously changed in the west?—A. Yes.

Q. They are changing very often and have changed enormously?—A. Yes.

Q. So that really from 1900 onwards a large influx of population commenced to

come into that country?—A. Yes. Well prior to 1900 there was a considerable increase.

Q. But it got a considerable impetus about that time?—A. Somewhere about that time.

Q. Then there were rather different conditions from what existed there when you went there in 1878?—A. Rather different.

Q. In fact there was a total change in western conditions?—A. Yes.

Q. Who fixed your duties as commissioner? Were they fixed by any special order in council or by custom?—A. By custom, I imagine.

Q. By custom?—A. Yes.

Q. And when you first came here through whom did you receive your instructions as to your duties: that had been usually approved by the minister through the deputy minister?—A. Yes, from the minister and the deputy minister.

Q. And the minister was then the Hon. Mr. Sifton?—A. Yes.

Q. And the deputy minister was Mr. Smart —A. Yes.

Q. And Mr. Smart subsequently became the agent of the North Atlantic Trading Company?—A. He subsequently left the department.

Q. But you do not know what became of him?—A. No.

Q. Now, when you came there in 1898 the custom of the department was to have Mr. Ryley and another clerk of the department open the tenders?—A. Well, I really do not know, Mr. Bristol.

Q. When did you first start opening the tenders in the way you have described here to-day?—A. It would be, I think, in 1901 or 1902, I do not remember the date.

Q. You do not remember the date?—A. No.

Q. And you did that under the instructions of the deputy minister, Mr. Smart?—A. Yes.

Q. Prior to that date, I take it that the tenders were opened in a different way?—A. Well, I don't think so, but I do not know.

Q. You did not open them?—A. I did not open them, I had nothing to do with it.

Q. You do not propose to contradict Mr. Ryley's evidence on that subject?—A. I certainly do not.

Q. We have that evidence here, and you do not propose to contradict it?—A. No.

Q. Will you tell me what public interest was served by the change made in the method of opening tenders. What was the public interest served by that change?—A. Well, I do not know that there was any.

Q. You do not know there was any?—A. No, I don't think there was much change.

Q. Then the deputy, when he gave the instructions to you to open the tenders personally, did not say that there was any public interest to be served by the change, but simply gave you those instructions?—A. Yes, he was leaving, going to be away for several months, and before leaving he said to me one day, 'I am going away, and this work of opening tenders belongs to your branch anyway, there is no reason why you should not open those tenders; I am going to give instructions that they be all sent to you and you will open them in future.' That was all that was said about it.

Q. When did you first become acquainted with Mr. Burrows?—A. About fifteen years ago.

Q. About fifteen years ago, and you knew him then, in the west, before you came here?—A. Yes.

Q. And Mr. Adamson is, of course, your friend of long standing?—A. I met Mr. Adamson in 1878.

Q. When did you first become acquainted with Mr. W. H. Nolan?—A. Oh, 35 or 40 years ago.

Q. You knew him when you were in Montreal, in your school days, practically?—A. Yes.



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Q. Did you have any dealings at any time with Mr. Nolan in respect to the timber limits under discussion?—A. No.

Q. Did you ever see him about them at any time?—A. Never.

Q. Were you witness to an assignment of any limit from Mr. Nolan to the Imperial Pulp Company?—A. That I don't remember, I don't think I was.

Q. I think there is such a document in existence.—A. Well, if there is, if you will show it to me I think I know my own signature.

Q. Have you any specific recollection of seeing Mr. Nolan at any time in reference to the assignment of a timber limit to the Imperial Pulp Company?—A. No.

Q. Or of going to Montreal to see him about it?—A. I never recollect seeing him about it at any time.

Q. Or do you remember discussing about these limits at any time with him?—A. I don't think I ever did.

Q. When you first came into the Timber and Mines Branch?—A. Mr. Bristol. I was never in the Timber and Mines, it was just a branch of the department. I was not connected with it specially, I was in charge not only of the Timber and Mines Branch, but the whole Lands Department.

*By Mr. Ames:*

Q. That was a subdivision of your department?—A. That was a subdivision of my department.

*By Mr. Bristol:*

Q. When you first joined the department I think you told us the practice was for somebody to write to you to put the limits up?—A. Yes.

Q. And sometimes you made an investigation?—A. I don't think so.

Q. You don't think so?—A. No, I don't think so.

Q. When did you first advertise in any way the limits for sale by tender?—A. We always did it.

Q. You always did?—A. The same routine was carried out, has been carried out, practically the same, for many, many years.

Q. You mean that in 1882, for instance, they did the same thing, they put a small advertisement about two inches square for a period of time in the newspapers?—A. No, it was a good deal later than 1882. In 1882 they did not advertise.

Q. In 1882 they gave it to anybody that came along?—A. Yes.

Q. I want to get the date at which the change took place, the advertising?—A. I couldn't tell you that.

Q. It was there when you arrived?—A. It was there when I arrived, and know from seeing the files that it had been in practice for many years, I think probably from about 1886 or 1887.

Q. Did you have anything to do with advertising the limits at all?—A. No, nothing whatever.

Q. Did you, as commissioner, ever investigate what advertisement was given on the limits?—A. No.

Q. Well, you were in charge of this department, and you have told me that the conditions in the west in 1900 had absolutely changed; didn't you feel it incumbent on you to see that something was done to get the best possible results under the changed conditions for these limits?—A. Yes, I considered that taking them all around we got—I considered then and I consider now that we were getting very fair value for the limits.

Q. Yes, but I would merely like to know when you advertised at all didn't you consider it necessary to put such an advertisement in as would make it possible for the lumbermen to inspect the limits before the time of the sale?—A. We advertised in the papers nearest to the limits, and there was a bunch of these department slips, the same as appeared in the paper, sent out to the land agent, the crown timber agent

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in the vicinity, and to other agents all over the district. And there was also one of them sent to every saw-mill man in the country and to others who had applied to have their names on the mailing list; they were sent to everybody in that way.

Q. I understand that, but what I am asking, Mr. Turriff, is this: why you didn't give sufficient time in some of these important cases for these lumbermen to examine the limits between the period of the advertisement and the putting up of the limit for sale?—A. That is, you think the time was too short.

Q. I think it is quite evident it was, I will take up one or two that will show that?—A. I followed out the usual practice, I never fixed the time, I did not fix the time.

Q. Now, for instance, here is one limit here, I am not going through them all, but there is Berth No. 1048, I do not think it is an unusual case, and I see here a letter dated February 23, 1903, from John H. Wilson, president of the Prince Albert Board of Trade, addressed to the Hon. Clifford Sifton, as follows: (reads.)

'PRINCE ALBERT, SASKATCHEWAN, N.W.T.,

'February 23, 1903.

'The Honourable CLIFFORD SIFTON,

'Minister of the Interior,

'Ottawa.

'SIR,—I have the honour to inclose herewith copy of a resolution passed by the Prince Albert Board of Trade regarding certain timber berths in the district of Saskatchewan, tenders for which close on the 7th March next.

'I also beg to state that I to-day wired you regarding this matter as follows:—

'Am forwarding you to-day resolution passed by board of trade re timber limits to be tendered for on 7th March.'

'Will you be good enough to acknowledge the receipt of resolution by wire.

'I have the honour to be, sir,

'Your obedient servant,

'(Sgd.) JOHN H. WILSON,

'President.'

Then there is a memorandum from Mr. Ryley to you, dated March 2, 1903 (reads):

'DEPARTMENT OF THE INTERIOR,

'OTTAWA, March 2, 1903.

'MR. TURRIFF.—The resolution referred to in the annexed telegram from the president of the Board of Trade of Prince Albert, has not yet been received here, so far as I am aware. You wrote on this telegram and also the one from the mayor of Prince Albert, to acknowledge by letter.

'Please say what reply is to be sent to these telegrams.

Respectfully submitted,

(Sgd.) G. U. RYLEY.'

Then on the 23rd of February, 1903, comes the resolution of the Prince Albert Board of Trade, as follows: (Reads.)

'PRINCE ALBERT, February 23, 1903.

'At a meeting of the Prince Albert Board of Trade held to-day the following resolution was unanimously passed.

'It has been brought to our attention that in terms of the notice, dated Ottawa, January 28, tenders are called for a licence to cut timber on Dominion lands in the district of Saskatchewan on the following described berths:

'Berth No. 1048, comprising 250 square miles; berth No. 1049, also comprising 250 square miles.

'We consider that in the interest of the town of Prince Albert and the country at

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large the area tendered for is too large, as few have sufficient capital to tender for such a large block and respectfully suggest that these berths be withdrawn and new tenders called for in blocks of fifty square miles, and that the time for receiving same be extended for six months to enable lumbermen to examine limits for themselves.

'We also further suggest that action be taken with a view to amending the present Act governing the sale of timber berths.

('Sgd.) JOHN H. WILSON,  
'President, Board of Trade.'

Then I find a letter, apparently signed by yourself, dated the 13th March, 1903, addressed to Mr. Wilson (reads):

OTTAWA, March 13, 1903.

DEAR SIR,—I beg to acknowledge the receipt of your letters of the 23rd ultimo and 2nd instant, the former inclosing copy of resolution passed by the Prince Albert Board of Trade, and in reply to say that as these berths were put up and advertised in the ordinary manner, it was not thought advisable to make any change.

'Your obedient servant,

('Sgd.) J. G. TURRIFF,  
'Commissioner of Dominion Lands.'

'JOHN H. WILSON, Esq.,  
'Prince Albert, Sask.'

Q. What I was asking you was why you, charged with the duty of the administration of this department, did not accede to what I would consider a reasonable request? Here were 500 square miles of timber berth to be selected out of 7,000 square miles, and forty-two days were given to do it. Why should you adhere under such circumstances, to what you say was the 'ordinary' method of dealing with this matter instead of giving the lumbermen an opportunity to examine and bid on those limits?—A. Is there nothing on the file from the president of the Board of Trade of Prince Albert withdrawing his former letter?

Q. Not that I am aware of—you are examining me now—there is the letter?—A. Well, my memory is that he either wrote or wired withdrawing the objection.

Mr. MACLEAN (Lunenburg).—Give him the file.

Mr. BRISTOL.—Certainly. file handed to witness.)

A. I do not remember whether it was a public communication or not. (Examines file.) No, there is nothing on this file that I see; I think he wired down afterwards, or wrote to Mr. Sifton, withdrawing his former letter.

Q. Well, of course, I do not know; I supposed you would know about the matter. You would not suggest that the Board of Trade ever formally withdrew their resolution, whatever Mr. Wilson was understood to do?—A. No, I do not think so.

Q. As a reasonable man, you would not think it was possible to examine and select 500 square miles out of a 7,000 square mile limit in forty-two days?—A. I felt this, that in advertising the limits as we did that we got fully as high, and I think more, for them in very, very many cases; we got a great deal more for them than we would have got had better examination been made.

Q. That is your thought in the matter. Do you want us to understand that you think by not giving these lumbermen a fair chance to examine the limits the department occasionally beat the lumbermen, and that you were a party to that?—A. In many cases the lumbermen—

Q. Is that it? You don't want to suggest that as Land Commissioner, you wanted to get the best of the lumbermen of this country by not giving them an opportunity to examine the limits properly?—A. No, I do not suggest anything of the kind. But at the same time, I consider that the department got, all round, good value for the limits they sold.

Q. I am not asking you that.

Mr. CUSHOLM (Antigonish).—I do not think it is fair to press this witness on that



point, and so is a matter of policy; this witness had no share at all in determining these matters.

The CHAIRMAN.—He can only give his opinion, of course.

*By Mr. Bristol:*

Q. What public interest do you think was served by not doing what the Board of Trade and Prince Albert wanted in this case?—A. I don't know that there was any public interest served.

Q. The only one you suggest appears to be that the country got more for its limits than it ought to have got?—A. In many cases they did.

Q. You really could not say that as a fact, unless you had a report on the limits which would enable you to judge whether they got what they were entitled to or not?—A. I judge that from the fact that in a number of cases men who paid a bonus for the limits afterwards let them go as they were not worth keeping on and paying the annual ground rent for them.

*By Mr. Bergeron:*

Q. I would like to ask one question. You said at the commencement of your examination that you took the place of the late Mr. Burgess. You don't want to imply that you were appointed in Mr. Burgess' place after he was dead?—A. Yes.

Q. Do you swear to that? My recollection is that he was dismissed?—A. You were wrong, sir; Mr. Burgess was not dismissed. When the Liberals came into power he was Deputy Minister of the Interior. When Mr. Sifton came in he appointed Mr. Smart deputy minister and made Mr. Burgess commissioner at the same salary. That was in 1897. Some time after that, in the fall of 1897 or the early part of 1898, Mr. Burgess died while Commissioner of Dominion Lands, and some few months later I succeeded him. Those are the facts.

Q. I am very glad you remember that, because I thought differently?—A. I am quite clear about it.

Q. I was under the impression, and that is why I asked you, that Mr. Burgess was dismissed and died after being dismissed?—A. No, he died in office, Mr. Bergeron.

Q. He died in office?—A. Yes.

*By Mr. Bristol:*

Q. Had Mr. Smart been in the habit, as deputy minister, of opening tenders, do you know?—A. I am under that impression, but I do not know.

Q. You do not know what the facts are?—A. No.

Q. We will have to take Mr. Ryley's statement on that point?—A. Yes, it will be absolutely correct.

Q. There was no obligation on your part to have Miss Munro present when you opened the tenders?—A. No.

Q. You had the sole right to open tenders alone, or not alone, just as you chose?—A. I took it for granted I had.

Q. And are you able to pledge your memory at this date that Miss Munro was present on all occasions when you opened tenders?—A. Well, Mr. Bristol, it is five years ago and it was routine work that did not impress itself very much on me, but I swear to this, that I never opened a tender except in the presence of Miss Munro during the time she was present in the city at work in her office. I may have opened tenders when she was away on her holidays.

Q. There also may have been an occasion when, for some reason or other, she was not there?—A. There is a possibility, but to the best of my recollection and belief I will swear she was there.

Q. Your habit was to open the tenders and you would dictate to Miss Munro a memorandum of what tenders had been received, with the amounts?—A. Yes.

Q. And when you completed the dictation you would hand Miss Munro the tenders and the memorandum and cheques which she would take to Mr. Ryley, and

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that ended the matter as far as you were concerned?—A. I would just say that I handed her just what cheques and what money I took out of the envelopes with the tenders.

Q. You say that you sometimes received tenders personally?—A. They were sometimes handed to me personally.

Q. These tenders you were accustomed to dealing with in what way?—A. I received them, and it was my usual practice just to make a memorandum on the envelope of the time I received them and put them in the safe.

Q. You have no specific recollection of opening the tenders in the cases we have been discussing?—A. No.

Q. You had to open hundreds of them at different times?—A. Hundreds, mostly every week. More on the average than every two weeks anyway.

Q. You are not able to account in any way for the close guessing that apparently took place in favour of the Imperial Pulp Company?—A. No, I am not.

Q. They appear to have been very successful?—A. Apparently.

Q. Did it ever occur to you that it would have been a wiser policy to return to the old method of having two officers present charged with the duty of opening the tenders?—A. There were two officers present.

Q. I think you have already told me that your secretary was not there officially although present personally?—A. She was present officially, and she is a second class clerk in the department.

Q. That is a matter of argument. We have had her statement and yours, and I am merely asking you why you did not consider it better to have two clerks there officially, when opening the tenders?—A. It is a case of hindsight rather than foresight.

Q. You would if you had to do it now?—A. And if I had known there were so many men ready to impute dishonest motives I would certainly have acted differently.

Q. And it would be better in the public interest to be above suspicion?—A. And if it had been suggested to me at the time I would have been ready to adopt it; but I do not consider there was any change in methods.

Q. I think that is rather a difficult thing for you to swear to, because you have already sworn two or three times, that you are not aware of the methods employed before?—A. Yes, and I do not know, therefore, that there was any change.

Q. In other words, you are not aware from your past experience, that when you were opening them alone it was a change from the previous method?—A. I did not open them alone.

Q. We have had your explanation that your stenographer, Miss Munro, was there?—A. Yes.

Q. When did you resign, did you say?—A. It was in February, 1904, I think the 10th.

Q. I see from this return in reference to Timber Berth No. 1118 that your name appears here as witness in this assignment of licence on the 23rd of May, 1904?—A. If my name is there I signed it as witness, I was out of the department then.

Q. You were out of the department then. Did you on your own behalf have any interest in this licence of Nolan or the Imperial Pulp Company?—A. No.

Q. Why were you busying yourself in getting the licensee to sign this document?—A. I wasn't busying myself.

Q. You appear here as agent, can you tell me the circumstances under which it occurred?—A. I do not remember it at all. If I saw my signature I could tell you perhaps; in all probability I was asked to sign as witness.

*By Mr. Carvell:*

My hon. friend (Mr. Bristol) asked you if you did not think it would have been in the public interest to have these tenders opened in the presence of two or more officials of the department, and I think your answer was that if you had known as much then as you do now you thought it would have been in the public interest?—A.

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No, that is wrong. What I meant to state was this, that it would not have made any difference whatever to the public interest, but it would have been better for the unfortunate official; to me personally, to have done so, so that I would not have had all these accursed aspersions made all through.

Q. You did not mean to say that the public would have been benefited; it was not that the department would have received any more or less money, or direct gain than it did if it had been done in the presence of half a dozen?—A. Certainly not.

*By Mr. Bergeron:*

Q. Do you know whether Mr. Burgess used to open tenders?—A. I do not know what he did.

Q. That was a new feature when you opened tenders, it had not been done before by any person in that position, as I understand it?—A. As I understood from Mr. Ryley's evidence the tenders were opened, prior to my time, by two officials of the department, and after I took hold they were opened just the same by two officials of the department.

*By Mr. Reid (Grenville):*

Q. And who were they?—A. Myself and Miss Munro.

Q. That is yourself and your stenographer?—A. Yes.

*By Mr. Bergeron:*

Q. Who were the two that opened them before?—A. I do not know, except what I heard Mr. Ryley say.

Q. Was the secretary of Mr. Burgess there too?—A. No.

Q. Do you know who was his secretary?—A. No.

*By Mr. Bennett:*

Q. Your position is this, that you called off to the stenographer what the bids were?—A. Yes.

Q. You did not hand them to her to see?—A. I do not remember particularly, but I opened the envelopes and took the tenders out.

Q. Did you read it over to her?—A. My recollection is that I just read them over and she took them down.

*By Mr. Bergeron:*

Q. Did you wait until all the tenders were in before you opened them, or did you open them one after the other as soon as received?—A. No, they were all opened together; just went right in there after twelve o'clock, and there was never one opened before twelve.

*By Mr. Ames:*

Q. The bulk of the tenders came in on forms supplied by the department, didn't they?—A. I should say about half.

Q. The department had printed forms which they supplied on application?—A. To anybody who asked.

Q. If a person wrote asking how they should tender they would have one of those printed forms sent?—A. Yes.

*By Mr. Barker:*

Q. I understand you entered upon your duties as Commissioner in 1898?—A. Yes.

Q. And you began to open the tenders about 1901?—A. 1901 or 1902, I don't remember.

Q. I said, about 1901, it is not material. Now you were practically at the head of the department with regard to the timber limits and crown lands, I think?—A. Yes.

Q. The Mines Branch was a portion of your duties?—A. Yes.



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Q. You were looking after that?—A. Yes.

Q. Now from 1898 to 1901, do you tell the committee that you do not know how the tenders were being opened?—A. I do.

Q. You say that although you were at the head of that department, in control of all these matters, you were there for three years without knowing how the tenders were opened?—A. Yes.

Q. You don't know that Mr. Ryley and another independent officer opened them?—A. No, they never came to me nor had I anything to do with the opening of them.

Q. Just answer the question; you didn't know for three years who opened the tenders that we have been speaking of?—A. I think I had a general knowledge that they were taken to Mr. Smart.

Q. Eh?—A. I think I had a general knowledge that they were taken to the Deputy Minister.

Q. Who opened them?—A. I don't know.

Q. You don't know that?—A. No.

Q. You have heard what Mr. Ryley said?—A. Yes.

Q. That he and—who was the other gentleman?—A. Mr. Ryley stated, I was here and heard it, that he took the tenders in to the Deputy Minister's office, and while I do not remember whether he said that he opened them, or the Deputy Minister opened them, they were opened there by the two of them, and in the absence of the Deputy Minister they were opened by himself and Mr. Hall, who was then secretary.

Q. Yes, but two independent officers were present at the opening?—A. Yes.

Q. Now, being a man of a good deal of experience in office work and departmental work, what do you suppose was the object of this, requiring the tenders to be opened by, or in the presence of, two independent persons; can you suggest what the object of it was?—A. No.

Q. You have no idea?—A. No.

Q. You have no idea whatever why the regulations should be enforced by which two men were always present when tenders were opened?—A. There was no regulation as far as I know.

Q. There was a custom?—A. There was a custom.

Q. And you don't know why that custom was?—A. I do not know.

Q. Can you now tell the committee why that might be in the interest of the tenderers, in the interest of the public and of the government and of the gentlemen who were responsible for the opening?—A. No.

Q. Don't you think it was a protection to all of those that two persons should be responsible and present?—A. There were two present all through.

Q. I am asking the reason —A. I don't know.

The CHAIRMAN.—It will be a matter of opinion.

*By Mr. Barker:*

Q. I am asking from his experience, was it not a protection for everybody and was it not something that would prevent suspicion to have that done?—A. It might have prevented suspicion, but I do not think it would have made a bit of difference if Mr. Smart had opened them alone or if Mr. Ryley had opened them alone.

Q. I daresay it might have been the same, but the object of having two independent men there would have been patent to everybody?—A. It never occurred to me.

Q. I thought you would have been the first man to see that. When Mr. Smart changed the method and told you to do it, didn't you know it had been done in that way?—A. When he said, 'Open them yourself, he did not tell me to open them alone.

Q. Answer that question, please?—A. He did not tell me to open them alone.

Q. I understood you to say that he told you to open them and to take it into your own hands?—A. He did not tell me to open them alone.

Q. He told you to take it into your own hands. You didn't ask Mr. Smart how it had been done in the past?—A. No, to the best of my recollection, I believe not.

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Q. You had no curiosity about it, you simply did it?—A. That is right.

Q. I just want to get at the facts.—A. I quite understand that, and I am anxious to give the facts.

Q. I am quite satisfied with your answer, and I don't want any other. So, from the time forward you conducted it in the way you have said here to-day?—A. Yes.

Q. Now, here is one advertisement which calls for sealed tenders addressed to the Department of the Interior and it says, 'Each tender must be accompanied by an accepted cheque on a chartered bank in favour of the Deputy Minister of the Interior,' that was in all these advertisements, 'for the amount of the bonus which the applicant is prepared to pay for the permit.' That was in every advertisement published calling for tenders?—A. Yes.

Q. That the tender must be accompanied by an accepted cheque?—A. Yes.

Q. And you had forms that you would allow any person to use?—A. We supplied them to any body that asked for them.

Q. Now I find in the evidence of one of the previous witnesses the form of tender is given. It is addressed to the Department of the Interior, I suppose, although it does not say so here, 'Sir, I hereby offer a bonus of \_\_\_\_\_ dollars for a timber berth No. \_\_\_\_\_, comprising an area of,' describing it, 'for which public competition is being invited, and I inclose an accepted cheque on the Bank of \_\_\_\_\_ for \_\_\_\_\_ dollars, being the amount of said bonus.' That was the form supplied by the Department for tenders, wasn't it?—A. That was the usual form.

Q. I am not asserting now that you would not receive it on another form?—A. No.

Q. But that is the ordinary form?—A. The form we supplied.

Q. The tender stated the amount, and it was accompanied by a marked bank cheque, accepted by the bank, stating the amount in the tender, the amount of the cheque in the tender? That is so?—A. Quite so.

Q. Why did you, when that is the form provided by the department, why did you accept cash?—A. Because it had always been the custom of the department.

Q. This contemplated a cheque payable to a particular officer, payable to the order of the Deputy Minister?—A. Yes.

Q. And you thought it was quite competent for you, instead of getting the cheque payable to the Deputy Minister, to take cash into your own hands?—A. Yes.

Mr. MACLEAN (Lunenburg).—He could not decline it.

Mr. BARKER.—Yes he could.—A. No, I could not do it.

*By Mr. Barker:*

Q. All he had to do was to tell them, 'I have no authority to receive cash, I do not keep cash.'—A. I was not a bit afraid to trust myself to carry it down to the other office.

Q. I do not think for a moment you were afraid to trust yourself, I want to draw your attention to the Imperial Pulp Company's tender, here is a tender in these words,

'To the Secretary, \_\_\_\_\_ 'Toronto, December 29, 1902.

'Department of the Interior,

'Ottawa.

'Sir,—Inclosed please find tender for Timber Berth 1031.

Yours truly,

That was the full thing, nothing else. Did you consider that a tender?—A. Yes.

Q. And it stood by itself?—A. With the cheque.

Q. With the cheques, yes?—A. Yes.

Q. I have read every word of it?—A. Yes.

Q. What was to have prevented—just imagine for a moment not that you were there, but some other person—supposing that a man wants to allow another cheque to be put in, would not that form of tender facilitate it?—A. Yes.

## APPENDIX No. 1

Q. It might?—A. It can be done under it.

Q. And if the form of the department, or any businesslike form were used, it would prevent the substitution of another cheque, wouldn't it?—A. No, because many of the tenders that came in on forms of the department were not fully filled out.

Q. I suppose you could call upon them to complete them, fill them out, I am taking things now as they are, we will leave the rest of your argument to somebody else when the time comes?—A. Fire ahead.

Q. Tell me this, you have had experience of business—did you ever in your life know a business man write a letter from Toronto to Ottawa, or from any one place to another place enclosing cheque for \$31,000 and never mentioning in his letters that he enclosed the cheques or the amount of the cheques? Did you ever hear of a business man writing such a letter?—A. I cannot recall of any man that I have ever heard of exactly paralleling the letter you speak of, although I have seen a lot of foolish business letters written by clever men.

Q. This was from the Imperial Pulp Company, it was not an unusual thing to have these people tendering?—A. No.

Q. This company send cheques for \$31,000 in that letter without mentioning that they are sending cheques or the amount of the cheques, is there nothing singular about that?—A. No, I looked upon it that when their cheques were there, that was all I had to do with it.

Q. It was berth No. 1031 that related to, and the cheques turned out to be \$17,575. No. 1; and the other cheque, which is said to be No. 2, is for \$14,000, thus making altogether \$31,575. Now I see the tenders you opened were these:—there were four tenderers and the highest was \$17,010, that was Macdonald's tender—no Macdonald's was \$31,161, and of the rest, Mr. Burrows, Mr. Bonne and the Northwest Lumber Company, and the highest of these was \$17,010.75; that would have been beaten by No. 1 cheque, \$17,575; but another cheque was put in for \$31,161 by Macdonald, and the second cheque added to the \$17,575 just beat that. All the tenderers except one would have been beaten by No. 1 cheque and the other one, which was over \$31,000, was beaten by the two cheques. Looking over these cheques did it occur to you that there was anything singular about that?—A. No, it did not.

Q. It did not?—A. No.

Q. Even when you saw the fact that this tender, when received, did not say anything about the presence of the cheques, it did not say, 'cheques inclosed' or 'a cheque enclosed' or mention that a single dollar was sent, taking it altogether you thought there was nothing unusual?—A. There were just the cheques enclosed that were put in with the tender, there was neither more nor less in any shape or form, and it did not occur to me that there was anything suspicious. I just want to make it clear to the committee, that it never occurred to me to examine and see whether one cheque would beat a certain other tender or not. There were two cheques came in for this amount, I marked the amount, it was my custom, I do not remember now about any of these cases, but I marked the amount on this tender and I passed it on. There were no other cheques given or handed back as was suggested the other day, or mentioned or anything else; the tender came in in that shape and was put in in the shape I found it when I opened it absolutely, and these cheques and that tender were delivered into my office before twelve o'clock on the day when the tenders were to be opened.

Q. I have no objection to your stating it, you have said it all before, but what I ask you is this—you got that letter from the Imperial Pulp Company, and there was not a word in that letter as to whether there were one or two cheques, or as to the amount of the two cheques. If they had said 'cheque,' it would have indicated there was only one cheque, and if they had said 'cheques' it would have indicated more than one, but there was not even a dollar mentioned, and when you got the cheques and you found the figures as I have stated, when comparing them with the other tenders, you say it did not occur to you that there was anything suspicious about it?—A.



It did not occur to me when I opened these tenders, Mr. Barker, where there were two cheques filed I would simply add them together and give the amount on the memorandum on that tender, and if it was the highest, as in this case it was, it was sent on in that way, but I never compared or figured out anything at all about it, I just opened them and sent them on as they came to me.

Q. You are not condemned you know. You were head of this department and you opened these four or five tenders?—A. Yes.

Q. And they were for considerable amounts?—A. Yes.

Q. It seems to me it was an extraordinary form of tender and then you will find that one of these cheques would beat all the other tenders there except one and the two cheques just beat the other?—A. That did not occur to me.

Q. It did not occur to you?—A. No.

*By Mr. Bristol :*

Q. Can you tell me when Miss Munro became second-class clerk?—A. I could not tell you.

Q. Whether it was within the last year or two?—A. It was before I left the department.

*By Mr. Lake :*

Q. What position did she occupy prior to that time?—A. She came in as a third-class clerk.

*By Mr. Bristol :*

Q. And then became a junior second-class?—A. Yes.

Q. While you were there at some time?—A. Yes.

*By Mr. Alcorn :*

Q. Did you have Miss Munro there because you considered it necessary to have more than one person present?—A. No.

Q. She was there simply to take stenographic notes?—A. She was there as my stenographer. I did not consider then that it was necessary to have anybody else, no.

Q. Then she was there simply as your stenographer to take notes?—A. She was there as one of the officials of the department to take notes.

Q. For what purpose or reason?—A. I do not know that I had any purpose in view, she was doing that particular work, keeping track of the tenders and brought them in to be opened and kept the memorandum of the amount of the tenders.

Q. She was doing her part, what was her part?—A. Taking a memorandum of the different tenders.

Q. As stenographer?—A. As an officer of the department, or stenographer, put it anyway you like.

*By Mr. Ames :*

Q. Miss Munro stated in her evidence that there were sometimes other persons present when tenders were opened. Was it permitted to tenderers to be present when tenders were opened?—A. If they wanted to be present.

Q. Were there any tenderers who sometimes asked to be permitted to be present when the tenders were opened?—A. I remember one case, yes.

Q. Do you remember refusing any?—A. I remember one case of refusal.

Q. You remember a case you refused permission?—A. Well, the party did not ask to be present. What happened was this : about five minutes to twelve a man came into my office and he said, I have a tender in, which is to be opened to-day, and, he said, 'I am going to sit right here until it is opened. I said : 'Are you?' and he said 'Yes, I am.' I said : 'You get right out of this office,' and he got out.

Q. Who was the man, tell us his name—I think, Mr. Chairman, we want the name of that man?—A. You needn't worry a bit, I will tell you his name—I can't think of it now.

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*By Mr. Bennett:*

Q. He was pretty suspicious, wasn't he?—A. He was.

*By Mr. Ames:*

Q. What was his name?—A. It is a German name. I cannot remember it now, but I will recall it.

Q. You can give it to the stenographer afterwards?—A. I will think of it in a moment—that was the only occasion on which I refused, and if he had asked me if he might remain to watch me open the tenders I would certainly have allowed him to do so, but when he came into my office and tried to bulldoze me, as he tried to do, I simply don't take that from any man, and I turned him out of my office—but he got the limit he was tendering for.

Mr. BARKER.—That man was the limit himself.

Mr. BRISTOL.—I am afraid he bulldozed you after all?—A. No, he did not; he would have got it in any case.

*By Mr. Ames:*

Q. Can you tell us any persons who were permitted to be present when the tenders were opened?—A. I only recollect one case where a man who was tendering was present, and I could not give you his name just now.

*By Mr. Bennett:*

Q. Where was this man from, do you know?—A. His name began with a 'B,' and he was from some place in the Muskoka country, and he owns limits up in the west—Mutchenbarker is the name.

Q. Oh, he is a good Grit; I know him well, and he had some idea of how they ran things up in Ontario for years.

*By Mr. Ames:*

Q. Do I understand that this system of a diary that Miss Munro has told us about this morning was in vogue in your day?—A. Oh, yes; from the very first of my time.

*By Mr. Bristol:*

Q. She says, No.

The CHAIRMAN.—What she said was that she did not preserve it.

*By Mr. Ames:*

Q. That is a diary looking ahead to the date when the tenders were to be opened?—A. Yes; you see, supposing there were tenders for half a dozen limits to be opened on the 15th of January, these advertisements would all be pasted on the two pages of the diary for the 15th of January, so that when the time would come she would know exactly what berths to open the tenders for.

Q. Yes. After the tenders were opened would she enter into that diary the result of the competition?—A. No.

Q. Then the only value of it as a record was up to the time the tenders were opened?—A. To be sure that they were all opened.

Q. There was no value in it after the bids were opened?—A. Absolutely none whatever.

Q. Do you know the personnel of the Imperial Pulp Company?—A. I only know that Mr. Burrows is in it, and I know Sir Daniel McMillan is in it, and I know Mr. Pattinson, who is the secretary.

Q. Do you know who the other members of the company are?—A. I do not know beyond those three, if there are any other members. I know nothing about it.

Q. You do not know anything further than that about the personnel of the company?—A. I do not.

Witness discharged.

Committee adjourned.

LICENCE No. 556, BERTH No. 7031, REFERRED TO IN EVIDENCE  
OF MR. R. H. CAMPBELL.

LICENCE TO CUT TIMBER ON DOMINION LANDS.

Know all men, by these presents, that by virtue of the authority vested in me by the Dominion Lands Act and by order of His Excellency the Governor General in Council of the first day of July, 1898, as amended by subsequent orders in council, I, the Honourable Clifford Sifton, the Minister of the Interior of Canada, do hereby, in consideration of five hundred and ninety-one dollars and twenty-five cents (\$591.25), ground rent now paid to me for the use of His Majesty King Edward the Seventh, and in consideration of the royalty hereinafter mentioned, give unto the Imperial Pulp Company, Limited, hereinafter called the licensee, his executors and administrators, full right, power and licence, subject to the conditions and restrictions hereinafter mentioned and contained, and such other conditions and restrictions as are in that behalf contained in the Dominion Lands Act, and the amendments thereto, and in the regulations respecting timber passed by the Governor General in Council, to cut timber on the following tract of land hereinafter called the 'Berth, or 'Berths') that is to say:—

Timber berth No. 1031, situated in the District of Alberta on the North Saskatchewan river, containing an area of one hundred and eighteen and one-quarter square miles, more or less, divided into eleven blocks, lying between Rocky Mountain House and Wolf river, as shown on the sketch attached.

This licence, however, does not give to the licensee the right to cut timber on the berth described herein until the returns of the survey thereof, made under instructions from the Surveyor General, are filed in the Department of the Interior.

And to take and keep exclusive possession of the said lands, except as hereinafter mentioned, for and during the period of one year from the first day of May, 1903, to the thirtieth day of April, 1904, and no longer.

This licence shall vest in the licensee, subject to the conditions hereinafter mentioned, all right of property whatsoever in all trees, timber, lumber and other products of timber cut within the 'berths' during the continuance thereof, whether such tree, timber and lumber or products be cut by authority of the licensee, or by any other person, with or without his consent, and shall entitle the licensee to seize in replevin, revendication, or otherwise, as his property, such timber where the same is found in the possession of any unauthorized person, and also to bring any action or suit, at law or in equity, against any party unlawfully in possession of any such timber, or of any lands so leased and to prosecute all trespassers thereon and other such offenders as aforesaid, to conviction and punishment, and to recover damages, if any; and all proceedings pending at the expiration of this licence may be continued and completed as if the same had not expired.

This licence is subject to the following conditions and restrictions in addition to such of the conditions and restrictions as are in that behalf contained in the Dominion Lands Act and the amendments thereto and in the regulations respecting timber passed by order of the Governor General in Council:

1. That the licensee shall not have the right thereunder to cut timber of a less diameter than ten (10) inches at the stump except such as may be actually necessary for the construction of roads, etc., to facilitate the taking out of merchantable timber.

2. That this licence shall not be allowed to interfere with the settlement of any lands within the 'berths' which may be desirable for settlement, the Minister of the Interior to be the judge of the fact, and the only recourse for the licensee against the ruling of the minister in favour of permitting settlement within such 'berths' to be, that he (the licensee) may within sixty days after receiving notice to the above effect



## APPENDIX No. 1

from the local agent of Dominion Lands, remove all timber on such lands which may be over ten inches in diameter at the stump.

Further, that the licence shall not prevent individual homestead settlers holding free permits heretofore or hereafter given under the order in council dated the seventeenth day of September, 1889, or under any subsequent order in council passed in such behalf, from cutting and removing from the land, fence rails, or firewood, as such permit may set forth; and the government may, notwithstanding this licence give such permit to individual settlers from time to time under the said order in council, or any subsequent order in council.

3. That the licensee shall take from every tree he cuts down all the timber fit for use, and manufacture the same into sawn lumber or some other such saleable product.

4. That the licensee shall prevent all unnecessary destruction of growing timber on the part of his men, and exercise strict and constant supervision to prevent the origin or spread of fires.

5. The licensee shall make returns to the government monthly, or at such other periods as may be required by the Minister of the Interior, or by regulations under the said Act, sworn to by him or his agent or employee, cognizant of the facts, declaring the quantities manufactured, sold, or disposed of, of all sawn lumber, timber or any other product of timber from the berth with the exception of slabs for fuel and sawdust, in whatever form the same may be sold or otherwise disposed of by him during such month or other period, and the price and value thereof.

6. That the licensee shall pay, in addition to the said ground rent, dues in the manner prescribed in subsection 'C, section 2, of the timber regulations.

He shall also pay to the Crown one-half of the cost incurred in fire-guarding the timber, the government paying the other half. A statement will be furnished the licensee showing the cost incurred in protecting the timber from fire, also his share of such cost and it will be necessary that payment thereof be made to the Crown within thirty days thereafter.

7. That the licensee shall keep a 'lumber sale book' in which shall be entered all sales of the products of the berth, both cash and credit sales, also a book accounting for the number of feet of sawn lumber manufactured each day at the mill, with day and date;—all books and memoranda kept at the logging camps shall be carefully preserved and these and other books kept by the licensee in connection with his lumbering business he shall submit for the inspection of the Crown Timber Agent or other officer of the Crown whenever required for the purpose of verifying his returns aforesaid.

8. This licence shall be subject to the right of the Crown to deal in accordance with the provisions of the said Act, and the regulations made under it by the Governor General in Council, with any and all stone, coal and other minerals found within the limits of the berth licensed; and the Crown shall have the right in dealing, as above provided, with any stone, coal or other minerals in lands licensed as timber limits to authorize the persons to whom such stone, coal or other mineral lands are granted to take possession of and occupy such extent of the land so licensed as is necessary to work such stone, coal or other minerals and to open necessary roads through any such timber berth paying the licensee of the berth the value of any and all timbre of a diameter of ten inches at the stump and upwards, necessarily cut in making such roads or in working the quarries or mines, such value in case of dispute to be fixed by the Minister of the Interior; and the provisions of this clause shall operate retrospectively, that is to say:—they shall apply to all licences of timber berths heretofore granted under any Act respecting Dominion lands, as if they had been contained in such Act when it was passed.

9. This licence shall be subject to forfeiture for infraction of any one of the conditions to which it is subject, or for any fraudulent return, and in such case the Minister of the Interior shall have the right, without any suit or other proceeding at law

or in equity, or compensation to the licensee, to cancel the same and to make a new licence or disposition of the said 'berth' to any other party, at any time during the term hereby granted. Provided, that the Minister of the Interior, if he sees fit, may refrain from forfeiting such licence for non-payment of dues, and may enforce payment of such dues in the manner provided by the said Act.

Provided, that if during the said term of one year any actual waiver on the part of the Minister of the Interior, or of any one on his behalf, of the benefit of any condition in this licence shall take place in any one particular instance, such actual waiver shall not be assumed or deemed to extend to any instance or any breach of such condition other than that to which such waiver shall especially relate, nor to be a general waiver of such condition. Provided, that whenever in the above conditions the word 'licensee' occurs, it is to be taken to extend to and include the executors, administrators and assignees of the 'licensee.'

Provided further, that the Minister of the Interior shall be the sole judge of the fact in regard to infraction or alleged infraction of any one of the conditions of this licence, and that this decision in relation thereto shall be binding and conclusive.

10. That should the Canadian Pacific Railway Company, or any other railway company, become entitled to a grant from His Majesty or his successors of any portion of the lands hereby demised, whether as part of their land subsidy provided for by the statutes of Canada, or for the road-bed of the railway, or its branches, or for stations, station grounds, work-shops, dock-ground and water frontage on navigable waters, buildings yards and other appurtenances required for the convenient and effectual construction and working of the railway and its branches, and His Majesty or his successors grant the same, the land so granted shall, as soon as due notice thereof in writing has been served upon the licensee or his legal representatives, be withdrawn from the operation of this licence, but the licensee or his legal representatives shall be at liberty to remove all timber then cut and all other property belonging to him on the lands thereby withdrawn from the operation of this licence.

11. This licence cannot be assigned or transferred without the consent of the Minister of the Interior.

12. The licensee shall have in operation within one year from date when he is notified by the proper officer of the Department of the Interior, that the Minister of the Interior regards such a step necessary or expedient in the public interest and keep in operation, for at least six months of each year of his holding, a saw-mill in connection with the berth herein described, capable of cutting in twenty-four hours a thousand feet, board measure, for every two and a half square miles of the area licensed.

Dated at the city of Ottawa,  
this twentieth day of Feb-  
ruary one thousand nine  
hundred and four.

(Sgd.) T. G. ROTHWELL, (Seal),  
*Acting Deputy Minister of the Interior.*

(Sgd.) B. BARBER,  
Witness.

I accept this licence and agree to all the terms and conditions thereof.

THE IMPERIAL PULP COMPANY,  
*Licensee.*

(Sgd.) per R. R. PATTERSON,  
*Secretary.*  
(Seal.)

Witness.

REPORT  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
RESPECTING  
A PAYMENT OF \$1,175 BY C. F. CALDWELL  
IN CONNECTION WITH  
THE PURCHASE OF, OR APPLICATIONS TO PURCHASE  
MINING OR SURFACE RIGHTS

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY  
1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John Sun, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS.

COMMITTEE ROOM No. 30.

TUESDAY, February 18, 1908.

The Committee met at eleven o'clock a.m., the Chairman, Mr. Clarke, presiding.

The Committee proceeded to the consideration of a payment of \$1,175 by C. F. Caldwell, or to any refunds thereof, in connection with the purchases or applications to purchase mining or surface rights, as set out at page I.—104 of the Report of the Auditor General for the fiscal year ended March 31, 1906.

Mr. H. H. ROWATT, called, sworn and examined.

*By Mr. Barker:*

Q. You are in the public service?—A. Yes.

Q. In what capacity?—A. Chief clerk in the Mines Branch.

Q. What department?—A. The Interior department.

Q. How long have you been in that position?—A. About a year and a half or two years.

Q. I suppose in that time you have become familiar with the procedure in the branch?—A. Yes.

Q. I have here the regulations of the department, reprinted in 1904 and headed 'Approved by Order in Council May 19, 1902' for Manitoba and the Northwest Territories and British Columbia; also the Yukon Territory. Which purports to be the regulations for the disposal of coal lands the property of the Dominion Government in Manitoba and the Northwest Territories, &c., approved by order in council on May 19, 1902, and amended by subsequent order in council. That is up till 1904. This includes everything in force up to that date?—A. Yes, in force, yes.

Q. Have there been any amendments since?—A. It has been absolutely rescinded since.

Q. When?—A. On March 4, 1907.

Q. Where are the rules now in existence?—A. New regulations were framed by order in council of a more recent date.

Q. When?—A. April, 1907, I don't remember just the date.

Q. Then from the 4th of March, 1906, to April, 1907, am I to understand there were no regulations?—A. It was March 4, 1907, when the rescinding regulations were passed.

Q. You said 1906?—A. 1907 is the right date.

Q. Then those regulations that are printed were in force in 1906 and up to what date?—A. The 4th March, 1907.

Q. Now I find in Rule 5 these words: 'Not more than three hundred and twenty acres shall be sold to one applicant.' That was in force during the period I have mentioned?—A. Up till the 4th March, 1907, yes.

Q. These are known to the public, I suppose, they are in print, anybody can get a copy of them?—A. Anyone can get a copy, yes.

Q. I am going to ask you questions about an item appearing in the Auditor General's report of \$1,175 paid by one C. F. Caldwell, do you recollect the transactions with Mr. Caldwell?—A. Yes, I remember the payments.

Q. That is generally?—A. Generally, the payments he made.

Q. Who is Mr. Caldwell? Or rather, I should ask, did you know at the beginning of this transaction, who he was?—A. No, I did not know that.

Q. Nor what he was?—A. No.

Q. How did he present himself to the department, as far as you know?—A. By letter.

Q. Only by letter?—A. Only by letter, so far as I know.

Q. Never personally?—A. Not whilst sending in his applications.

Q. Then all these applications that we are about to speak of came by letter?—

A. So far as I know, yes.

Q. If more than one came did they come in separate envelopes?—A. I think not, I think a number of applications came at one time.

Q. A batch of them would come together?—A. Yes, at one time.

Q. Just tell me how many applications would come in the course of a month, say, he would send in?—A. He sent in altogether 236, and I think they covered a greater period than one month.

Q. Well, a month or two I suppose you may say?—A. Yes, probably that period.

Q. And the \$5 fee came with each application?—A. All but one had a five dollar fee accompanying them.

Q. That is the fee required with each application?—A. A five dollar fee, yes.

Q. Did the five dollar fee come in the letters or were they paid any other way?—A. I think they were sent in bulk, cheques at different times, that is a cheque for the full amount of the fees accompanying each batch of applications.

Q. With each batch of applications, supposing there were ten or twenty, you would receive in the envelope the \$5 fee for each?—A. I think so.

Q. Or did he come and give it to you?—A. I had not seen him at all at that time.

Q. Your impression is that the cheque at that time accompanied the application in the envelope?—A. Yes.

Q. What was the object of the department, as far as you know, in restricting the applications to 320 acres for each applicant?—A. Well, I assume it was in order that every one might have an opportunity of sending an application for that quantity.

Q. That there should be no monopolizing of the coal lands?—A. Something of that kind.

Q. I presume you thought it your duty as clerk controlling that branch to see that was carried out?—A. Yes.

Q. Supposing you got an application, say from John Smith, just to put a case; supposing you got an application from him for 320 acres, what information did you record in your department so that you would know who the man was?—A. We made a separate file for John Smith, the index was examined, and the clerk in charge of the filing made sure that the same John Smith had not sent in any coal application previously.

Q. You say that the clerk would make sure that the same John Smith had not sent in a previous application; how would you know that it was the same John Smith? What details, what information did you get so as to know who the man was who made the application?—A. If there was any doubt about it we wrote to the person sending the application, or to John Smith, asking if he had already sent in an application.

Q. What information would you ask for?—A. We would write stating that at a certain date John Smith had filed an application for a certain portion of land.

Q. I am asking you, supposing there was no reason to think that there had been a previous application from him. Supposing you got an application from John Smith, that would give you no indication at all as to who he was, would you ask for further information?—A. Yes, we would.

Q. What information would you ask for?—A. We would write to John Smith if he were the applicant and ask him if he had sent in any other application for any other parcel of land which had been recorded against John Smith.

Q. Supposing you had no other application in that name, when plain John Smith

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applied to you, what information would you get so as to know what person you were dealing with?—A. Very little other information than John Smith.'

Q. Would you get his post office address?—A. If he sent in the application himself.

Q. But if he didn't?—A. We would only have the post office address of his solicitor or agent.

Q. And if the application came from Ottawa you would assume that it was Ottawa?—A. We would assume that it was Ottawa.

Q. But 'John Smith, Ottawa,' would not convey much information to you; would you ask for nothing else?—A. Not, I suppose, unless we had some reason to think that he had sent in another application.

Q. But if you did not think there was something unusual you did not ask for anything more?—A. Nothing more, no.

Q. If you got two applications from John Smith you would ask for an explanation?—A. We certainly would, yes.

Q. If you did not get their post office address, how would you do that?—A. We would have the post office address of the person who sent in the application.

Q. Does not a man apply on his own behalf?—A. Very often.

Q. And supposing you got an application from 'John Smith'?—A. We would write to 'John Smith.'

Q. You would do your best to get his address and occupation?—A. Well, I don't know, until the patent is issued we have nothing to do with his occupation; all that we would require to know is whether he had already purchased 320 acres of coal lands.

Q. You would not think it necessary to know, in dealing with 320 acres of mining land, who the man was, beyond that his name was John Smith?—A. Nothing further, no.

Q. Did you get the signature of the applicant himself as a means of identification?—A. No, this application was submitted by a solicitor or agent.

Q. Well, if the agent or the solicitor applied you would only have the signature of the agent who made the application, you would not have anything to identify, or enable you to recognize the person in whose name the application was made?—A. No, we would not have.

Q. You did not think then it was essential in conducting the business that you should have some means of identification of the actual applicant?—A. Not at that stage.

Q. Supposing this agent, you know a solicitor may not be a lawyer, he may be a mere agent, supposing the agent died or left the country, where would you be in regard to the identification?—A. Well, Mr. Barker, there would not be any particular need to identify the man until he had paid for his land.

Q. I want to know what your opinion is as to the mode of conducting the business. Supposing in any particular case you suspected an attempt to infringe the rule would you make an effort at identification?—A. I do not understand, what is the object you are leading to?

Q. Supposing in any circumstances, I do not care what they are, you suspected there was an attempt to get more than the one lot for John Smith or any other man, would you then make an effort at identification?—A. My duty was to see that the regulations were absolutely carried out, and I did so.

Q. And, I suppose, whenever you saw any reason to suspect anything you at once called attention to it?—A. Well, I do not think I have any discretionary powers in the matter, I carried out the regulations absolutely.

Q. It was your duty to do it, I am not finding fault, but if you saw any reason to suspect that the rule I have read was being evaded it was your duty to make the necessary inquiry at once to prevent that?—A. To write the applicant.

Q. I do not care how you did it, that was your duty?—A. Yes.



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Q. Can you show me the original application on the 20th March, 1906, I think it is numbered 365?—A. Yes, I have it here.

Q. Will you allow me to see it?

(Document produced and handed to Mr. Barker.)

Mr. BARKER.—This application is on letter paper, I see, the letter paper is headed, 'Scott, Thompson & Co., Manufacturing, Mechanical and Electro-Chemical Engineers, Head Office 27 Clements Lane, Lombard Str.' and then 'London' is struck out, that means Old London. 'Marcus Ruthenburg, Lockport, New York, Consulting Metallurgical & Electro-Chemical Engineers,' and then there is something here, there is an additional name in the corner, 'Flock Block, Vancouver, B.C., Lockport, New York, U.S.A., Moreing & Neill, Bedford, McNeil & McCutcheon. This is all printed on the heading of the letter. The letter is dated 'Ottawa, E. C.' that E. C. is a mistake, the 'E. C.' has been left in, it applies to Old London; dated 'March 20th, 1906,' and it has the stamp of the Department of the Interior on it of that date; it is addressed to the Secretary of the Department of the Interior. I won't read all the names, but I will read part of it.

'DEAR SIR,—Enclosed please find \$45 in payment of the following described coal applications on behalf of the following applicants.'

Then comes a list of eleven applicants, there are nine in ink and two in pencil, and it is signed, 'C. F. Caldwell, agent'. On this is a memorandum, 'Cash, \$45,' that would be clearly for the nine, and not for the two added in pencil, and then follows the names, 'O. D. Sweet,' then the lot is described, such a lot and range, I need not go into that; 'Mrs. Alice Sweet,' and her lot is given, and then, 'Maggie Summers,' 'W. D. Summers,' 'C. C. Paynty,' 'Katie Paynty,' 'James A. Paynty,' 'Mollie Chilton,' 'Frank Chilton,' and then there is in pencil in another handwriting, 'Mrs. M. Wood, A. J. Wood.' That is the application, that is the original, what is called in the House 'title paper.' It would appear that only nine of them got in, because the two in pencil possibly were not paid for. There is a letter of the same date from Mr. Keyes, secretary of the department, dated Ottawa, March 20, 1906:

'SIR.—I beg to inform you that your letter of to-day's date inclosing \$45 fees in connection with several coal applications has been received at this department. You will be further advised in regard to the matter in due course. I am, &c.

'P. G. KEYES.'

'C. F. CALDWELL, Esq.,  
'Ottawa, Ont.'

Q. Is there another application here?—A. Farther on, yes.

Q. I am not going through the whole of the 235, but there are some printed forms he used, have you one of those? That is what I wanted to see.—A. He did not use the printed form on these first ones, they were in typewriting in every case.

Q. I want one of the printed forms, any one will do, I do not care which it is.—A. You want to see one of the printed forms.

Q. Just one, you say the first few applications that came in were in typewriting? A. Those before me are in typewriting, yes.

Q. I will take another on March 29, 1906, and this is on the printed form. I shall read the printed form first without the filling in of the blanks:—

'OTTAWA,

'To the Secretary of  
'The Department of the Interior.

'DEAR SIR,—In behalf of Mr. \_\_\_\_\_, I beg to apply for leave to purchase all the surface and coal-mining rights on section \_\_\_\_\_ and enclose herewith \$5 as provided in the regulations.

'Your truly

That is signed C. F. Caldwell. Now, I will read the whole application as filled in:

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OTTAWA, March 29, 1906.

'To the Secretary of

'The Department of the Interior.

'DEAR SIR,—In behalf of Mr. A. Blais, I beg to apply for leave to purchase all the surface and coal-mining rights on sections

'I enclose herewith \$5 as provided for by the regulations.

'Yours truly,

(Sgd.)

'C. F. CALDWELL.'

Now, you supplied these forms, I suppose?—A. No, we did not.

Q. Did this man when he was going to make the application get it printed?—A. I presume so, the department does not supply them.

Q. Are they supplied in any form or in any way?—A. In no form that I am aware of, I have never seen them.

*By Mr. McLean (Lunenburg):*

Q. They might have been given out by some one else in the department?—A. I feel sure that they were not, not at that time, but there would not be any objections to them.

*By Mr. Barker:*

Q. From your knowledge of the department, have you any doubt that that form was especially gotten up by Caldwell?—A. Quite likely, it was not got up by the department.

Q. Have you received printed applications from anybody else?—A. I do not know that we ever did.

Q. You got 235 and 236 applications altogether from Caldwell?—A. Yes.

Q. And most of them on this printed form?—A. A large number of them, anyway.

Q. That is to say, nine days after the first application this printed form came in?—A. I presume so.

Q. Then it is stamped, I cannot make out the stamp, but you will probably be able to see it, at all events you supplied no such forms, and you don't recall that anybody else used printed forms except Caldwell?—A. Not that I know of.

Mr. TALBOT (Bellechasse)—In the case of our company we had some 75 applications to send in, and we had to have them printed ourselves. Our lawyer made them out and we had to provide them at our own expense.

*By Mr. Barker:*

Q. Any gentleman who made application for 320 acres would presumably have the form printed at a printing office. These printed ones came by post too?—A. I assume so, yes.

Q. Have you any doubt about it?—A. I have no recollection of their being handed into the department, so I assume they came through the mail in the usual way.

Q. Would they come to you?—A. Not at first.

Q. Who would they come to?—A. To the registration branch in the Langevin block.

Q. Who is in charge of that?—A. Mr. Roberts is in charge of that branch and they would probably come to him.

Q. I have gone through all those applications that have been brought down to the House of Commons, or the copies of them, and I have summarized them somewhat and I am going to read out the summary and I want you before you come again as a witness, to check over these figures and be able to say whether or not I state their sum correctly. I find the total number of applications signed by Caldwell as produced to be 235, you say it may be 236, it is possible he made one application in his own name

and that would make the difference. The clerk will give you those papers so that you can check me. On the 20th March, 1906, nine applications were received, at all events nine are dated on the one day; on the 21st of March, 1906, two; on the 26th of March, six; on the 27th of March one hundred and eighteen; on the 28th of March, one; on the 29th of March, fifty-one; on the 30th of March, thirty-four; and on the 31st of March, one, and there are twelve without any day of the month, that counts up 234, and that last one would make 235 as I understand it. Now, all these applications, I want you to check, are for 320 acres each, or 75,200 acres in all, and they are all signed by Mr. Caldwell—that is so, I think you will confirm that?—A. Yes.

Q. Further, of the 235 applications there are 76 applications, as copies have been given to me, as to whom only the initial of the Christian name is given, that is, it would be W. Maloney, or whatever the name would be. That is the only description; and we do not know whether those 76 are men or women, simply the initials are given. Of those whose Christian names are given 47 are women and 111 men. Now, I want to ask you if you really think that you are getting, in regard to all these applications, sufficient information in order to enable you to know who the applicants were. I will read you some of the names: 'Kate Ambrose, Katie Barry, Mary Barry, Lizzie Church, Mollie Chilton, Annie Hagan, Kate Hudson, Lizzie Howe, Lottie McNab, Maggie Powell, Kate Paynty, Minnie Turner. Then with regard to the men, to show you how easily you could have found out who these men were you have Dave Graney, Pat Mahoney, Jack Schench, Mike Murphy,' and then to be still more indefinite, 'Mr. McGrath and Mr. Polydore.' When you saw all these applications coming in with all these names of applicants on them did you think they were all right?—A. You can readily understand that before the sale would be confirmed these names would be absolutely cleared up, and their occupation, place of residence, &c., be ascertained.

Q. I suppose that with the information you had received you would not be able to identify these people at all. Take, 'Mike Murphy' for instance, you couldn't tell him from any other man of the same name?—A. Before the patent was issued we would identify him.

Q. These claims are sometimes assigned, are they not?—A. Yes.

Q. And supposing someone brought you an assignment of those claims?—A. We would require that some person give an affidavit that he saw him sign the assignment and we would get all other information to make us absolutely sure that it was signed by Murphy.

Q. But if the assignment was produced from British Columbia, you would let it pass?—A. Well, we would expect the affidavit to be correct.

Q. Will you produce Mr. Caldwell's letter of the 27th of March?—A. You have it down there.

Q. The original letter; will you please find the original letter of the 27th March written by Mr. Caldwell, 509,953, I think it is?—A. There is one on the 26th of March.

Q. This is the 27th of March. What is that on the original file?—A. 509,327 was the old number, the new number was 74,446, that is the general file.

Q. Produce then this typed list of the 28th March.

(Document produced.)

Q. I see it is addressed to you from Kaslo, B.C., on the 28th March and signed 'Respectfully, C. F. Caldwell, agent,' in which he gives a list of a very large number on seven pages and part of the eighth page, a list of applicants for these coal-mining rights, and at the foot I see it is marked, '235,' I suppose they are all here?—A. That is a summary of them.

Q. That is on the 28th of March, 1906, eight days after the first application of the 20th of March—the first application I understand was the 20th of March and eight days afterwards he sends you a list of the whole 235—

Mr. MACLEAN (Lunenburg).—That is including what he had already put in?



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*By Mr. Barker :*

Q. That must have been. It is given you here in typewriting from Kaslo, B.C., the full list of the applications ?—A. Just for the convenience of the department he sent it that way.

Q. Does he say that was what it was for?—A. It appears on the surface that is what it was for.

Q. It does not appear on this list, unless there is a letter to that effect. He does not say anything, simply sends you a list without a remark so far as that shows, and that contains a list of these people, 235, I notice the names of Kate Barry, Mary Barry and all the same people that appear in the other list, and in some cases men's names are struck out, 'William Baynham' and 'Mr. William Stetson' put in and 'William Mills' struck out and 'William Hudson' put in ?—A. A clerical error, I presume.

Q. It was 'William Mills' in typewriting and 'William Hudson' was the actual applicant, wasn't he ?—A. I do not remember, he certainly did not purchase anyway.

Q. These appear to have been received in the department and are all checked off apparently; the checking was done by you or somebody else. 'Michael Cassidy' is marked here 'no fee paid.' Do you recollect that coming to the department ?—A. I remember seeing it on the file about the time it came.

Q. It is headed, 'Kaslo, B.C., March 28, 1906, to the Secretary, Department of Interior, Ottawa,' and is signed by 'C. F. Caldwell.' Now when you received that list from British Columbia did it strike you that there might be something out of the usual in those applications ?—A. I do not remember that it did, no.

Q. You didn't think there was anything unusual there. At all events you made no inquiry ?—A. I made no inquiry, no.

Q. Did you consult anybody in the department?—A. I don't remember consulting any one, no.

Q. Did you consult the deputy ?—A. Not the deputy, no.

Q. You did not think that in a matter where you were allowed to sell only 320 acres to one applicant, you did not think it extraordinary that an agent in Kaslo, B.C. was sending in these applications for 75,200 acres ?—A. He was only sending in an application for 320 acres for each applicant.

Q. But on that paper there were applications for 75,200 acres ?—A. In accordance with the regulations.

Q. You went on the letter of the regulations ?—A. Yes.

Q. Supposing you had known that this was a sham, what would you have done ?—A. I could not suppose such a thing as a sham ; I would not have dealt with the applications until the matter had been cleared up.

Q. If it was a sham, this has been a fraud upon the department ?—A. If it were a sham it would be a fraud, I assume.

Q. You would have been induced to do an improper act by selling 75,200 acres. It would not have been regular to have treated him as a proper applicant for 75,200 acres if all these applications were a sham ?—A. Certainly not.

Q. Did you notice those names, some of them which I have read ?—A. Yes, I remember the names.

Q. Do you think, for example, that Dave Graney was the real applicant for 320 acres under the application, did you think so yourself ?—A. I did not take Dave Graney into very serious consideration, I saw it was an application for 320 acres of coal land, and before the land could be sold to him we had to have his postal address, and to have information as to his occupation and everything of that kind.

*By Mr. Talbot (Bellechasse):*

Q. You had the fee, had you not ?—A. Yes, we had the fee.

*By Mr. Barker :*

Q. When you saw the name of Mike Murphy, did you think that was a regular application ?—A. It is a very common name.

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Q. Supposing you say 'Lizzie Church,' nothing more than that, and coupling that with the fact that this list came from Kaslo—and that name had been sent in from Ottawa?—A. I did not see anything irregular about the name of 'Lizzie Church' being accepted as an applicant.

Q. Not even when the application came in from Ottawa and you got the whole list of 255 of them from Kaslo, although apparently according to the dates it could not have been received in that time, did you really think seriously that they were all right and that these individuals were really the persons seeking this right—won't you tell me honestly what your mind was?—A. I don't know, Mr. Barker, I was there to administer the regulations, I was not there to think whether these were pretty names or not.

Q. And you say, that even after receiving that long list, you did not consult with anybody in the department, either the minister or deputy minister?—A. I think not, no.

Q. You think not, are you pretty sure?—A. I am quite sure I did not.

Q. Eh?—A. I am quite sure I did not consult with any one in regard to the names.

Q. Didn't you hear there was something wrong about these applications?—A. No, I did not hear there was anything wrong about them.

Q. What did you hear about them?—A. I saw some newspaper reports with respect to them.

Q. What was the nature of the report?—A. I don't remember exactly what it was.

Q. I mean, generally, I will allude to it presently as to what it was?—A. That the applicants were Ottawa people whose names Caldwell has secured.

Q. About what time did you hear that?—A. I think that was after all the applications were in, probably some time after.

Q. Was it about the time it appeared in the paper?—A. Yes, I think so, I do not recollect exactly.

Q. I won't ask you the details, I will read the article and ask you if you recollect it, this was one which appeared in the *Journal*:

'Looking for a coal mine—Novel way of procuring claims—\$1 paid for signed application.

'Stranger at Russell House causes some mystification among bell boys and other employees.

'A guest who rather astonished a large number of bell boys and other employees of the Russell House was registered there last week. He was giving them \$1 each for what they considered rights to coal mines in the west of which they had never heard and about which they were decidedly mystified.

'The stranger gave his name as Mr. C. F. Caldwell, of Alberta, and explained his work to the *Journal* readily enough. He said that there were, without doubt, many rich coal fields in Alberta. It was impossible, however, to buy a large block of land or secure options upon it from the government, as this is all being kept open for settlement. To overcome this difficulty he was getting different parties to make application for a single section. This he buys from them for \$1, and as he has not to finish the taking over of the section for six months, he will prospect each claim for coal in the meantime. If coal is found he completes the transaction with the government at a nominal fee.'

That is possibly incorrect, but it is probable that is what he said.

'Mr. Caldwell said that Mr. F. H. Clergue of the Soo was interested in his plan, and that his work was being done by other parties in the west. Large blocks of land which have been held for speculative purposes have to be thrown open to settlers by April 1, said Mr. Caldwell, and many applications for sections are being made on these lots.'

Generally speaking, is that about it?—A. Something to that purport.

Q. That would be about April 2 or 3 you saw that?—A. Or heard it.

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Q. And it was a few days before that the letter of March 25 reached you?—A. I assume it was.

Q. After all these 235 applications, signed by 'C. F. Caldwell, agent,' did it not occur to you then that there was something for you to look into?—A. No, I do not see that there was; these were applications, the fees for which had been paid under the regulations; my duty was to deal with applications as I found them and I dealt with them.

Q. Even if you knew that C. F. Caldwell was the principal, and all these names were a sham, you would still have gone on dealing with it?—A. I knew they were not a sham.

Q. How did you know that?—A. Because there is no man foolish enough to put in applications that he could not possibly assign, there must be the individual, or he could not get the assignment from them.

Q. So that if he got 235 people to assign them for a consideration of \$1 each you would consider that right?—A. There were no assignments filed in the department.

Q. You would not consider it a sham that Mr. Caldwell got 235 chambermaids and bell boys and gave them \$1 each to sign these applications and then brought the assignments to you; would you say it is all right, we will take it?—A. If the applications covered 320 acres each it would be in accordance with the provisions of the regulations; I was there for the purpose of seeing those regulations carried out, nothing more.

Q. Even then, if you knew that these applications were made under the circumstances stated here, you would go on with them all right?—A. If the applications were made in conformity with the regulations I would go on with them.

Q. The letter of the law being complied with you would not care about the spirit of it?—A. I do not exercise any discretionary power in the department, I am there to carry out the laws as they are.

Mr. MACDONALD objected that while he had no desire to prevent Mr. Barker getting full information with regard to any item in the account, that Mr. Barker should not ask suppositious questions as to what ought to have been done or what was not done under circumstances that never existed.

*By Mr. Barker :*

Q. Did you know, Mr. Rowatt, that within a day or two after that article appeared, to which I have referred, the question came up in parliament?—A. I did, yes.

Q. I will read now from *Hansard* of April 3, 1906, what was said :

(Reads):

'Mr. J. D. REID (Grenville). Before the Orders of the Day are called, I would like to call the attention of the government to an item in one of the local papers last evening, as follows :—

And then he read the article which I have just read to you. Continuing, Mr. Reid said:

'I would like to ask the Minister of the Interior (Mr. Oliver) if Mr. Caldwell has called upon him and if applications have been made in his name?'

To this Hon. Mr. Oliver replied as follows :—

'I have no knowledge of Mr. Caldwell or of his application. Of course, such a gentleman may have called at the department and made application. If the hon. gentleman (Mr. J. D. Reid) desires it, I will make the necessary inquiry and be able to give him the information at a later day.'

Did the minister inquire of you?—A. I do not remember his inquiring of me—I think I was not in charge of that branch at the time. If you will read the date I will tell you whether I was or not.

Q. This was on April 3, 1906?—A. I was not in charge at that time.



Q. I thought you said you were there two years?—A. I was there since July 1, 1906.

Q. Who was in charge there before you?—A. Mr. R. H. Campbell.

Q. Where is he?—A. In Ottawa.

Q. Is he in the service?—A. He is in the service, yes.

Q. In the Interior Department?—A. Yes.

Q. In what capacity?—A. Chief of the Forestry Branch.

Q. And what department were you in?—A. I was in the same branch at the time.

Q. Are you aware whether the minister or the deputy minister or anybody made any inquiry in reference to that newspaper item?—A. I do not remember any, I do not know of it.

Q. Did anybody at all talk to you about it in the department?—A. I do not remember any one speaking to me about it.

Q. Did you hear conversations between any persons in the department about it?—A. Indirectly I probably did. I don't remember any. I have heard the matter discussed at various times.

Q. By whom?—A. I do not remember, but I have heard the matter discussed.

Q. Did you hear the deputy minister speak of it?—A. I did not.

Q. Did you hear the minister speak of it?—A. I do not remember having heard him speak of it, no.

Q. Will you go as far as to say he did not?—A. I do not remember hearing the minister speaking of the matter at all.

Q. You will observe he said he would inquire?—A. I was not in charge of the branch at the time. He did not inquire of me.

Q. Did he inquire of you?—A. He would not inquire of me; he did not inquire of me, not to my knowledge.

*By Mr. Macdonald:*

Q. You would not know if he did inquire probably?—A. No.

*By Mr. Barker:*

Q. On the 10th of April Mr. Reid again brought up in the House, and, as recorded by *Hansard*, he put the following question: 'Has the Hon. the Minister of the Interior any further information respecting the question I put him the other day?' To which the Hon. Frank Oliver (Minister of the Interior) replied:—

'Mr. C. F. Caldwell has submitted to the Department of the Interior applications from some two hundred and ten of his clients for permission to purchase coal-mining lands in the province of Alberta, and he has paid into the department the sum of \$1,050 to cover the fee of \$5 prescribed by the regulations in connection with each of these applications.

'A separate application has been filed in each case, and each of the applications is for the maximum area of coal-mining lands which can be reserved for or acquired by an applicant under the regulations, namely, 320 acres.

'An acknowledgment has been sent to Mr. Caldwell of the receipt of the fees paid by him, and a separate communication will be sent to him in connection with each of the applications submitted as soon as they have been entered and reported upon. If it is found that the lands are not covered by prior applications, Mr. Caldwell's clients will be given thirty days within which to pay the first instalment of the purchase price (one-quarter) of the lands, and if payment of this amount is not made within the period given, the applications will then be dealt with as having absolutely lapsed.

'So long as an applicant for coal-mining lands confines his application to 320 acres there is nothing to prevent him submitting any number of applications on behalf of others for a like privilege, provided the prescribed fees are paid and the regulations otherwise complied with. There is nothing in the records or within the knowledge of this department to indicate who Mr. Caldwell's clients are beyond their names.'

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That is on the 10th of April, a week after that announcement appeared in the paper and after it had been read in the House. Do you mean to say that the minister had made no inquiries as to the payments up to that time?—A. It is clear that he did make an inquiry.

Q. I ask you, to your knowledge did he?—A. Not to my knowledge; he did not make the inquiry of me.

Q. Then on the 18th of April I find this, Mr. Rowatt, that an order of the House was made: 'For a copy of all applications from C. F. Caldwell for himself, or by C. F. Caldwell on behalf of any clients, together with their names, or by any other person or persons, together with copies of all correspondence or other papers in connection with permission to purchase coal-mining lands in the province of Alberta.' Are you aware whether that list that I read dated the 28th March was brought down?—A. I think a copy of the papers yet on file in connection with all the applications was prepared for a return to the House.

Q. Perhaps you can tell me whether it is there; I am not sure whether it was brought down or not?—A. If you will look at the files you will see that they are stamped as having been included in a return to the House up to a certain date.

Q. Perhaps you can tell me from that file (handing file to witness)?—A. That is not stamped.

Q. That was not produced, you say?—A. I presume not. It was not stamped.

Q. Will you tell me why, when the department was producing all the papers relating to these applications, they did not produce that?—A. There are no applications on this file.

Q. It is a list of the applications?—A. Just for general informatin; that is what we keep that file for.

Q. I do not care what purpose it is kept for, this list of 235 applications, why was not that produced to the House?—A. I really do not know. Probably only the applications were asked for.

Q. All the papers were asked for?—A. Probably that file was commenced after that return was made; you can see the date of the return.

Q. The return was made on April 28, what is the date of that?—A. This was received on March 20.

Q. It could not be that, it is dated the 28th.—A. This is not stamped when it was received.

Q. It is not stamped when it was received?—A. No.

Q. But it is dated on March 28?—A. March 28, yes.

Q. At all events it has not been produced?—A. There is no stamp upon it to indicate that it was.

Q. In accordance with your usual practice in the department, who puts on the stamp showing that it has been produced to the House?—A. One of the clerks of the branch.

Q. Which of them?—A. Well, I generally do it if I have sufficient time.

Q. You do not know who did it in Mr. Campbell's time?—A. I stamped these files.

Q. You stamped them?—A. Yes.

Q. Why didn't you stamp that one?—A. I do not know, there is some reason, I assume that it was not a part of the return asked for.

Q. You go through the file and stamp letters and papers that are to be returned?

—A. Yes, that are covered by the order for the return.

Q. Then other clerks do the mere copying?—A. Yes.

*By Mr. Ames :*

Q. The stamp is put on before the copies are made?—A. Yes.

Q. To indicate the individual documents that are to be copied?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. What is that stamp?—A. There is the stamp (indicating documents on file). 'Copy for return to Parliament.' We just put it on there to show what is to be copied.

*By Mr. Barker :*

Q. Are there any other papers on that file that have not been copied, in that return?—A. Up to the date of the return you will notice there had been only one document on each file, the applications had only been received, and there was only one document on each file at that time. These others have all been put on since the return was asked for.

Q. Where would they be, they were in the department?—A. They were not, or they would have been stamped.

Q. Why were they not stamped?—A. They had not been received at that time.

Q. Had not the letter of March 28 been received on April 18?—A. April 19 is the date of the next paper.

Q. When does that appear to have been received in the department, that list?—A. It is not stamped.

Q. It has neither a stamp to show when you received it nor a stamp to show when it was produced to the House?—A. There is no stamp of any kind on it. Probably if the wording of the motion ordering the return were read it would explain the reason why there were no papers marked to be copied on that file.

Q. Give it to me just as it is. I do not want to assume matters?—A. No.

Q. All this discussion went on in the House, and matters went on from April 3 to at least April 18, and perhaps a couple of weeks afterwards, when the return was made, and during all that time was the department corresponding with Mr. Caldwell?—A. We replied to several applications received.

Q. I see, your letters are going on regularly, on April 4, 10 and 14 all relating to these particular transactions?—A. Yes.

Q. And did you at all at that time, when replying to him every day, almost, didn't you say anything about those rumours?—A. I did not say anything about them, no.

Q. To anybody?—A. I do not know, it was not in my charge.

Q. Did anybody in any letter call Mr. Caldwell's attention to the complaint?—A. Call Mr. Caldwell's attention?

Q. Yes, you were writing to Mr. Caldwell about the 235 applications, some of them, I can give you the dates if you like.

*By Mr. Macdonald :*

Q. Would it be your duty at that time to write any letters or would it be Mr. Campbell's?—A. Mr. Campbell's, I was not in charge at the time.

*By Mr. Barker :*

Q. Did you find in the department any record that anybody at that time wrote to Mr. Caldwell about these things?—A. I haven't seen any.

Q. I suppose you knew correspondence was going on with him every few days in regard to these applications?—A. Correspondence with his clients, yes.

Q. With Caldwell, I should think, not with his clients. Did you ever write to one of the clients?—A. We wrote to the agent for the clients.

Q. That is what I understand your correspondence to be, regularly with Caldwell about some of these 235 applications?—A. Yes.

Q. And all that time, as far as you know, no one ever called attention to this matter that was the subject of discussion in parliament?—A. Called Caldwell's attention to it?

Q. Yes, and asked for an explanation?—A. I do not know that they did, I don't know.

Q. You found no trace of it?—A. I have never seen anything on the file that would indicate that they had.



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Q. The correspondence you did see was simply giving information as to whether the lands were available or not?—A. The usual correspondence.

Q. I have noticed that at this time there were letters from the department to Caldwell on the 6th, the 10th, the 14th and the 18th of April; several letters on the same day?—A. Yes.

Q. Can you find a letter there on the 27th of March, 1906, from Caldwell?—A. I do not see any on the general file; it may have been on another file. Yes, here it is (document produced).

Q. This is a letter on the 27th March, 1906, from Kaslo, B.C. It is dated the day before that list is dated, and it contains a large number of names also. Is there anything to show that that was produced to the House?—A. I do not see any stamp on it.

Q. It is marked here as received by the department. But how is this, it is marked as being received on the 28th of March, and it is dated British Columbia on the 27th March. Can you explain that, eh?—A. It is dated on the 27th March, 1906, at Kaslo, B.C.

Mr. MACDONALD.—Is the word 'Kaslo' printed or written, Mr. Barker?

Mr. BARKER.—Kaslo is printed.

*By Mr. Barker:*

Q. This letter is written on the letter heading with Kaslo printed on it, and the date March 27th is written. There is a long list, giving the same names, and the cash, \$250, is noted. I suppose it contains 50 names in the list. This is written on the same form that I referred to before of Scott, Thompson & Company, of London, England. On the 27th of March he writes you that letter, and you had it in your possession, inclosing 50 applications, and it was received by you on the 28th March, and that is not included in the return made by order of the House on the 18th April. Can you explain that?—A. I cannot explain it unless I see a copy of the order of the House.

Q. Take it and examine it and see—there is no doubt about what I say; that is right, is it not, it was received by you on the 28th of March?—A. On the 28th of March, yes.

Q. Now, the order of the House is for a copy of all applications from C. F. Caldwell, &c., together with copies of all correspondence or other papers in connection with permission to purchase coal-mining lands in the province of Alberta—does that cover that?—A. I scarcely think so.

Q. Did you consider that it did not?—A. That is a list of names; it is not an application at all; it was sent for our convenience.

*By Mr. Bristol:*

Q. It says all correspondence in connection therewith. What is that but correspondence?—A. We sent in the correspondence in connection with all the applications; there was a separate application for each.

*By Mr. Barker:*

Q. You did not consider that that was a paper you were obliged to produce?—A. No, I scarcely think that would come under the order you have read.

Q. You did not think it would?—A. I scarcely think it did.

Q. And being of that opinion you would not produce it?—A. I do not remember the circumstances, but I do not think I would consider that paper was covered by the order you have read.

Q. Then when we give you an order such as I have already read we can't count upon you producing such letters as that?—A. That is a list of applications.

*By Mr. Bristol:*

Q. Did you get any instructions not to produce that?—A. Certainly not.

*By Mr. Barker:*

Q. You do not think that you would be obliged to produce that letter under that order, that is your answer?—A. That is my answer, yes.

Q. What is that document?—A. A list of applications.

Q. You are quite sure of that, and that this paper is not one of those that has been produced?—A. It is not marked, and I assume it has not been produced.

Q. Are there others there that are not marked as having been produced?—A. I have not seen any on that file.

Q. What do you call that file?—A. The Caldwell general file.

Q. Then so far as you are aware, and as appears by the papers, no papers or documents on the Caldwell general file were produced under that order?—A. There are none stamped, as far as I see.

Q. And you think they were not produced, not being stamped?—A. I don't think they were produced.

*By Mr. Macdonald:*

Q. That was a repetition, that list of applications, of what was already brought down in the documents which formed part of the return?—A. That list of applications was simply for our guidance and assistance in dealing with them.

Q. All the information relating to the applications were in the documents that were brought down?—A. Undoubtedly.

*By Mr. Barker:*

Q. Do you happen to know anything about this paper dated March 27th, 1906, signed by C. F. Caldwell? It has on it, 'Received cash \$5, 28-3-06,' and it is in blank. It is made on behalf of Mr. .... 'I beg to apply for leave to purchase, &c.' This is stamped as being received by the department on the 28th March, 1906, and written across the 'Received cash \$5' is 'Cancelled.' Do you recall anything about that transaction?—A. If you will let me see it, Mr. Barker, before I answer. (Witness examines document.) No, I do not know anything about it.

Q. That would have been in your possession on the 28th March, twenty days or more before the return was made, can you say why that should not have been produced?—A. It is not an application.

Q. It was, only somebody wrote the word 'Cancelled.'—A. You would have to have the name in order to have an application, there is no application there.

Q. You would not consider that an application?—A. Certainly not unless the man gave the name.

Q. Then in regard to these 235 applications, although a number are signed by the man you are dealing with, if some of those applications were in blank you would not have produced them to the House, is that what you mean?—A. No, they would not have been applications.

Q. You cannot tell us, Mr. Rowatt, you cannot give us any inkling where the minister got the information he gave to the House in reference to Mr. Caldwell?—A. I do not know where he got it, no.

Q. You have no idea at all?—A. Well, I might have an idea, that he asked Mr. Campbell.

Q. Did you hear him do so?—A. No, I did not.

Q. Did Mr. Campbell tell you he had?—A. No, he did not.

Q. You can only surmise as to the probability of his having done so?—A. I assume that if he received the information he received it from him. That is all I know about it.

Q. You are guessing, really?—A. Yes.

Q. Did the minister, after discussion in the House, call the department's attention or those in charge of the Mines Branch to the subject and say that no more of that sort of thing should occur?—A. I did not hear anything of the kind, he may have done it.

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Q. But you heard nothing of that kind ?—A. I heard nothing.

Q. Nobody told you that he had said so ?—A. I did not hear it.

Q. Nor the deputy minister?—A. I did not hear any instructions like that.

Q. As I understand, from looking over the papers, the larger number, or a large proportion of those 235 applications were refused for various reasons?—A. A number were refused.

Q. On the ground that some of the lands applied for were school lands, for some there were previous applications, and some were Hudson's Bay Company's lands; whatever it may be, whatever stood in the way. Were the applicants notified ?—A. They were notified.

Q. Were the applicants notified ?—A. The applicants' representative was informed.

Q. That is Mr. Caldwell ? Then you never had any communication whatever with any of the applicants ?—A. I never had any communication with any of the applicants.

Q. I am speaking of the department.—A. I never saw any correspondence with any of the applicants.

Q. No correspondence of any kind whatever ?—A. Of any kind.

*By Mr. Macdonald:*

Q. Perhaps you might tell us what happened to all those applications, in a comprehensive way ?

*By Mr. Barker :*

Q. Can you make any statement about it ?—A. I know exactly, yes.

Q. When you refused applications because there had been prior applications, or that it was school land, or anything of that kind, what did you do with the money ?—A. We generally refunded it.

Q. I say when you refused the application, was it only generally refunded or was it always refunded ?—A. We always refunded it, but generally refunded it at once.

Q. To whom did you refund it ?—A. To the person who paid it.

Q. Who was the person who paid it, do you mean the principal, the applicant, or Mr. Caldwell ?—A. I mean the person who paid the money into the department in the case.

Q. The individual, the agent, you refunded it to him ? Was not the entry made in the name of the actual applicant, Mr. Murphy, for example ? A. Certainly not, the man who paid the money is entitled to the refund.

*By Mr. Macdonald :*

Q. That is the practice, not merely in the Caldwell case but in every case ?—A. In every case.

*By Mr. Barker :*

Q. Was not the money paid into the account of the individual in whose name the application is made ? Did you enter \$5 received to the credit, say, of Mike Murphy ?—A. We did.

Q. That was put to his credit, then by what authority did you pay the money to anybody else ?—A. Because we refunded it to the person who sent it in direct, under advice from the Department of Justice, if I remember.

Q. You can produce that advice from the Department of Justice, can you ?—A. I think we can produce it, I know that they advised to that effect.

Q. I would like you to produce that the next time you come. You do not necessarily pay it to the man in whose name it stood in your books ?—A. We refunded it to the man who paid it in all cases.

Q. You did not necessarily return it to the men in whose names it stood in your books ?—A. Not necessarily.



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Q. Did you in any one of these 235 cases return the \$5 when you refused the application to the man in whose credit it stood in your books?—A. If you mean to the applicant, we did not return it to the applicant in any case.

Q. I think it stood in the applicant's name.—A. It was not entered to any one's credit, except in what we called our application-book.

Q. Then it stood in the account to the individual name there and never in one instance, when you refused the application, did you return it to the man in whose name it stood?—A. Certainly not.

Q. Then to whom did you return it?—A. I have already said we returned it to the person who paid it in.

Q. You have said that the agent was the man who got the money?—A. We returned it to Mr. Caldwell, or in his order to any one he named.

Q. You returned this money to Mr. Caldwell?—A. Or to his representative.

Q. Or to somebody on his order?—A. Yes.

Q. Did you in any case deal with the deposit otherwise than returning it to Mr. Caldwell in all cases where you refused the application?—A. We either refunded them or applied them to the credit of other persons at his order.

Q. So that having, say five or ten rejected applications you would either return that \$25 or \$50 or—A. Apply it under instructions from Mr. Caldwell.

Q. On other people's land?—A. To whatever purpose he desired us to apply it.

Q. You did, as a fact, apply some of those moneys on the land of other people?—A. On the land of other applicants, yes.

Q. So that if Mike Murphy was refused his land his \$5 might go on the land of Lizzie Church?—A. Not his \$5, but that particular \$5 which had been deposited with his application.

Q. It might go on the land of Lizzie Church?—A. Yes.

Q. I am not finding fault with you, I am trying to get the facts as they are. I suppose it is quite clear that in no case did you get any authority from any of those applicants to do that?—A. No, no authority from the applicants.

Q. Now having regard to this way of dealing with all these cases, you go on all this time returning the money to Caldwell without any order from the applicants, turning the deposit over from one name to another when requested, will you tell us that you had no doubt whatever from first to last that Caldwell was really the man?—A. Certainly, sir, it appeared as if Caldwell was acting in the matter as agent.

Q. You thought that Caldwell was not really the applicant?—A. Why should I think so? I had no reason to think that Caldwell was not the agent.

Q. You would think it was Murphy rather than Caldwell? I want you to tell me honestly, you are on your oath, what is in your mind now?—A. That Caldwell was acting for some one.

Q. For these applicants?—A. Oh, no, for some person.

Q. You had no doubt?—A. That he was acting for some person.

Q. That these 235 names were not real?—A. I had no doubt that they were real names, but I assumed that Caldwell was acting for some person.

Q. But not for the applicants?—A. Not for these individuals, probably.

Q. You had no doubt about that?—A. I don't think I had any doubt, no.

Q. I will go back for a moment, if you will allow me, I find that that blank one on the original letter of March 27th, where the receipt of the \$5 is cancelled I find that lot is shown as the north half of S-11-5, and that that went through in the name of Lizzie Howe, that lot?—A. I assume they sent in another application afterwards in her name.

Q. Why could not this blank have been filled up by putting Lizzie Howe's name in it, or was this left cancelled in this way because another application was afterwards put in her name?—A. I do not know, it was not an application at all because it was not signed, it is not complete, that is no application.

Q. We need not ask what it is or what it is not; the only word left out of that application is the name of the applicant?—A. That is the whole application.

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Q. The correspondence shows that in certain cases Mr. Caldwell's attention was drawn to the fact that he had put in applications for people who had already had applications put in?—A. Well, I assume that is the case.

Q. Did that strike you as singular now, that the application would come twice for the same person knowing that he could only get one lot?—A. That occurs very often.

Q. I suppose it is a common thing going on in the department?—A. It is a common thing that a man should make two applications for coal lands and one of them be refused.

Q. For himself?—A. Yes, the same person.

Q. A man that knows you will only accept one application? Will he send in a second application?—A. You are not aware he knew, a man may not be aware of the regulations.

Q. But Caldwell knows?—A. But his client may not have known.

Q. You really think that it was Lizzie Howe was dealing with you and she did not know? Did not Mr. Caldwell when he put that application in the blank, know all about your regulations?—A. I really do not know, you know.

Q. There was Matthew Oxley, can you turn up his application there?—A. Yes, it is here.

Q. What is the number?—A. The file number?

Q. Yes?—A. 510,549.

Q. What is the number of his application? Is there any number? Will you look up the return and tell me what the number is?—A. That is Oxley's file (pointing to documents).

*By Mr. Macdonald:*

Q. Will the witness tell us if he is or is not prepared to tell us how many out of the 235 applications ever reached the fullness of final results?—A. Ten were sold, seven full parcels and three small ones.

Mr. BARKER.—I intend to show that out of 235 applications a certain number were refused because they were not available, and a certain number of others were offered to Caldwell which he did not take but refused, and that ten were actually accepted.

**Committee adjourned.**

COMMITTEE ROOM No. 30.

THURSDAY, February 20, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock, the Chairman, Mr. Clarke, presiding.

The committee resumed the consideration of a payment of \$1,175 by C. F. Caldwell, or any refunds thereof, in connection with the purchases or applications to purchase mining or surface rights, as set out at page L—104 of the Report of the Auditor General for the fiscal year ended March 31, 1906.

Mr. BENNETT.—Before proceeding with this matter, Mr. Chairman, I desire to call your attention to the fact that an order was made to bring down 'all accounts, vouchers, correspondence and other papers relating to a payment of \$6,556.40 to different persons, namely: John Bernie, J. J. Noble and J. C. Mackintosh in connection with Georgian Bay Fishery Commission, as set out at page P—171 of the Report of the Auditor General for the fiscal year ended March 31, 1907.' I find that advances were made to John Bernie, K.C., \$2,250, and J. J. Noble, Little Current, \$1,000. Appended to that is a note by the Auditor General that there are no accounts

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in support of these advances in his office. They were made on the application of Professor Primer, to be accounted for in the fiscal year 1907-8, and in the report I can find no such details at all. I would like to ask the Auditor General in reference to the matter—

The CHAIRMAN.—What report do you mean?

Mr. BENNETT.—The Auditor General's.

The CHAIRMAN.—The Auditor General's report for 1907-8 is not down yet.

Mr. BENNETT.—I would like to know from the Auditor General where these accounts are, and what vouchers he has in his possession relating to them.

The AUDITOR GENERAL.—We have not received the vouchers yet.

Mr. BENNETT.—Then the details of these accounts of Mr. Bernie and Mr. Noble are not in your department?

The AUDITOR GENERAL.—Not yet.

Mr. BENNETT.—I would like to ask that the officers of the Department of Marine and Fisheries be directed to have the original vouchers produced.

The CHAIRMAN.—Is that matter before this committee in any way?

Mr. BENNETT.—Yes, because these payments extend over other years as well, and the advances were made in the fiscal year 1906-7.

The CHAIRMAN.—The vouchers are relating to items in the Auditor General's report which is before us.

Mr. BENNETT.—The items are set out in the report in bulk, but the details are not there, that is why I want the vouchers.

Mr. H. H. ROWATT, chief clerk Mines Branch Interior Department, recalled.

*By Mr. Barker:*

Q. You were sworn on the last day you were before the committee, Mr. Rowatt? —A. Yes, sir.

Q. At the last meeting I asked that you should be prepared to-day to check the figures I then gave?—A. Yes.

Q. That on the 21st, 26th, 27th, 28th, 29th, 30th and 31st of March, 1906, Mr. Caldwell put in about 235 applications, dated on those days?—A. Those figures are practically correct.

Q. All the applications purported to be on behalf of different persons?—A. On behalf of different persons.

Q. Each applying for 320 acres?—A. Yes.

Q. Did you ascertain that the figures I gave you with regard to the 27th March, were correct; you say he applied on behalf of 118 persons on that day?—A. I could not check your figures because the files are before the Public Accounts Committee.

Q. Well, the most convenient way that you can do it I think will be from the return; I took them from the return and I would like to have it correct—you need not do it now.—A. You will accept it from the general file, will you?

Q. This is your own return, and this shows 118 on the 28th of March?—A. I assume that is correct.

Q. How many acres did those 235 applications cover?—A. It would be 235 multiplied by 320.

Q. That is 75,200 acres?—A. Yes, I assume that is correct.

Q. Did you check approximately the figures I gave, that there were 76 applications in which the Christian name was only given by initial?—A. I did not.

Q. Did you go over to see whether it was approximately correct?—A. I could not have access to the files; the original applications are on the files which the clerk of the Public Accounts Committee had locked up.

Q. You can do that afterwards.—A. Only the initial might be given, or the initial might be missing on the list, whereas it might appear on the application itself.

Q. With regard to the names of 47 women there would be no doubt about that, I presume?—A. Each of their applications are on a separate file.



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Q. Just take those figures, the 118 applications on the one day, I want to establish that, and I want to establish the number in which you only got the initials of the persons, the number of women for whom application was made, and the number of men. I suppose there is no doubt that of the 235 alleged applicants you have nothing in the department, and have not had in your department anything to identify any one of these people?—A. I think not.

Q. Either their signature or their post office address, except that the application is headed Ottawa, or their residence or their occupation?—A. I think not.

Q. If hereafter an assignment were produced to you of their rights you have nothing in the office to help you to identify the signature of the assigner?—A. Nothing in the office.

Q. Nor anywhere else in your possession?—A. No, they would have to furnish that evidence.

Q. Were you correct when you said you thought Caldwell was the only person who used a printed form of application?—A. No, I think there probably were others.

Q. I just want to refer you on that point to a part of the evidence that was taken down whilst I was examining you on the last day you were here, when Mr. Talbot, M.P., interposed and said this:

‘In the case of our company we had some 75 applications to send in, and we had to have them printed ourselves. Our lawyer made them out and we had to supply them at our own expense.’

Q. Do you know if Mr. Talbot put in 75 applications?—A. I am not aware he ever put in any.

Q. Do you know the name of this company he speaks of?—A. I have an indirect knowledge that he has acted indirectly for a company, yes.

Q. Do you know the name of that company?—A. Yes.

Q. What is it?—A. The German Development Company.

Q. I see there he says that he used 75 of these printed forms. Do you recollect that in the *Journal* interview which I read to you in *Hansard* that Caldwell is reported to have said to the newspaper that like work to his own was being done by others, the getting of a number of applications on separate forms?—A. I remember you read that, yes.

Q. Do you know of any instances other than that, and possibly, Mr. Talbot?—A. Oh, yes.

Q. There are a number dealing in the same way with the department?—A. There are a number of people who have submitted a large number of applications on behalf of clients.

Q. In the same manner as Mr. Caldwell did?—A. In a similar manner, yes.

Q. That is, that they have had on a separate paper, an application purporting to be on behalf of an individual?—A. We have many of those, yes.

Q. And one gentleman, or firm, whatever they are, would send all of them using different names in each application?—A. Oh, different names would appear on each application.

Q. As applicant?—A. As applicant, yes.

Q. The same practice was followed, only the agent or solicitor would sign it, the professed applicant's name would not be his signature?—A. The applicant's signature did not appear, his name appeared, written in by his solicitor.

Q. Will you turn to Number 20 of that file—first of all I put in your hands the return brought down to the House under the order referred to at the last meeting?—A. Yes.

Q. I ask you to turn to No. 20 and please read that?—A. (Reads):

‘OTTAWA, March , 1906.

‘To the Secretary of the

‘Department of the Interior,

‘DEAR SIR,—In behalf of Mr. S. P. Donnelly I beg to apply for leave to purchase

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the surface and coal-mining rights of the north half of section 2, township 8, range 3, west of the 5th meridian, and enclose herewith five dollars as provided for by the regulations.

'Yours truly,

(Signed) 'C. F. CALDWELL.'

Q. Now, read No. 21, please?—A. (Reads).

'OTTAWA, May 11, 1906.

'Copy Agent, Dominion Lands, Lethbridge :

'SIR,—I am directed to acknowledge the receipt of the application made by you on behalf of Mr. S. P. Donnelly for permission to purchase the north half of section 2, township 8, range 3, west of the 5th meridian, and enclosing the sum of \$5 in connection with this application. In reply I am to inform you that your client will be given thirty days from this date within which to pay the first instalment of the purchase price of the coal-mining rights under the half section in question, also the surface rights, if available, in accordance with the provisions of the regulations in that behalf, provided the agent of Dominion Lands at Lethbridge is not aware of any objection thereto.

'Your obedient servant,

'(Signed) P. G. KEYES,  
'Secretary.

'C. F. CALDWELL, Esq.,  
'Kaslo, B.C.'

Q. Now that constitutes the acceptance of the application, doesn't it?—A. The acceptance.

Q. I find about 70 cases out of the 235 in which that form of reply was sent—I want you to check me again—you see what I am getting at. I want you to correct that afterwards so that we will know how many received those replies—Now turn to No. 4?—A. (Reads).

'OTTAWA, March 27, 1906.

'To the Secretary of the

'Department of the Interior':—

Q. You need not read No. 4, it will be the same as the other, but read the reply to No. 4?—A. (Reads).

'OTTAWA, June 2, 1906.

'SIR,—I beg to refer you to your letter of the 27th of March last, applying on behalf of P. Cassidy for permission to purchase the north half of section 23, township 8, range 3, west of the 5th meridian, for coal-mining purposes, and enclosing the sum of \$5 in connection with this application. In reply I am to inform you that the northwest quarter of this section is covered by a prior application, but as payment has been made of the prescribed fee your client will be given thirty days from this date within which to pay the first instalment of the purchase price of the coal-mining rights under the north-east quarter, together with the surface rights if available, in accordance with the provisions of the regulations in that behalf, provided the agent of the Dominion lands at Lethbridge is not aware of any objection thereto.

'Your obedient servant,

'Secretary.

'C. F. CALDWELL, Esq.,  
'Kaslo, B.C.'

Q. That is a little different form used in that instance, it may be called a qualified acceptance?—A. The acceptance of a quarter section, of one-half the application.

Q. The quantity is not material, but the form of acceptance is different, that

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is what you would call a qualified acceptance in consequence of its being for only one-fourth instead of a half section?—A. Yes.

The CHAIRMAN.—The former one was qualified, too?

Mr. BARKER.—Yes, that is in a general way.

*By Mr. Sinclair :*

Q. Are they not at all qualified?—A. They are all qualified, or should be.

Q. All these acceptances are qualified? —A. They are all subject to the provisions of the regulations generally.

Q. Practically that form runs through all of them, we may as well see what the facts are at once?—A. Yes, we intend to put it through all of them.

*By Mr. Barker :*

Q. In regard to that being for a quarter instead of a half section, I find there are 19 in that form, I want you to check that. In speaking generally, Mr. Rowatt, I find that in many replies the statement is made that other applications are already in.' You recollect that, I suppose?—A. Yes.

Q. And for that cause, or other causes the answer in many instances takes this form, 'therefore, for the present, your client's application cannot be considered.' You recollect that?—A. I recollect that.

Q. There is a distinction in some cases where the reply is, 'cannot for the present be considered,' and in others it is, 'it cannot be considered.' There are a very considerable number of those and I would like you to say generally there are such?—A. I think there are such, yes.

Q. And a good many of them. I also observe that in many cases qualified in that way, where it is said that it cannot be at present considered, or we can't consider them, later on these applications were considered?—A. Yes.

Q. And in many cases the application was allowed to end, in some cases you actually sold the land?—A. I have no doubt we did, yes.

Q. I will go into this specifically, for example the department did really sell ten lots?—A. Ten parcels.

Q. That is ten half-lots?—A. Yes.

Q. And of these six were cases to which the reply had been, 'your clients application cannot for the present be considered.' That was for six out of ten and the other four were cases where the reply was that the application could not be considered. Now, my object in asking you this generally is to show that evidently a very large number of lots, comparatively, were placed for acceptance if Mr. Caldwell had chosen to accept?—A. Yes.

Q. Will you turn to No. 392?—A. Yes.

Q. What is the date of that?—A. I do not see any date.

Q. There is no date?—A. No date.

Q. On whose behalf is that application made?—A. On behalf of Matthew Oxley.

Q. And the lot?—A. The south half of section 34, township 12, range 3, west of the 5th meridian.

Q. We find the answer on the 14th of April, 1906, which is probably the next number or the preceding number?—A. Yes, it is 291.

Q. Will you read that?—A. (Reads) :—

'DEPARTMENT OF THE INTERIOR,

'OTTAWA, 14th April, 1906.

'Copy A.D.L. Lethbridge.

'SIR,—I beg to refer you to the application made by you on behalf of Matthew Oxley for permission to purchase the south half of section 34, township 12, range 3, west of the 5th meridian, for coal-mining purposes, and inclosing the fee of \$5 in connection with this application. In reply, I am to inform you that the half section



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in question is covered by prior application. In view of this fact the application made on behalf of your client cannot be considered.

‘Your obedient servant,

‘P. G. KEYES,

‘Secretary.

‘C. F. CALDWELL, Esq.,  
‘Kaslo, B.C.’

Q. Can you tell me whether that was the end of that application?—A. I think it was not, I think Mr. Mathew Oxley afterwards purchased.

Q. That was carried on to purchase although, as the reply goes there, it can't be considered. Now, I ask you, in connection with the same matter, to turn to No. 200?

Q. What is the date of that?—A. The 30th of March, 1906.

Q. On whose behalf?—A. Mr. Matthew Oxley.

Q. The same name, what is the lot?—A. The south half of section 25, township 13, range 6, west of the 5th meridian.

Q. Now read the answer on the 14th of April?—A. (Reads):—

‘DEPARTMENT OF THE INTERIOR,

‘OTTAWA, 14th April, 1906.

‘Copy A.D.L. Calgary.

‘SIR,—I beg to acknowledge the receipt of your letter of the 30th ultimo, applying on behalf of Matthew Oxley for permission to purchase the south half of section 25, township 13, range 6, west of the 5th meridian, and inclosing the fee of \$5 in connection with your application. In reply I am to remind you that application has already been made on behalf of Mr. Oxley for the south half of section 34, township 12, range 3, west of the 5th meridian, and as not more than 320 acres of coal-mining lands can be reserved for or disposed of to one applicant, the application made by you on behalf of Mr. Oxley for the south half of section 25 has not been noted in the records of the department. It is inferred that you have made a mistake in mentioning Mr. Oxley as the applicant to this section.

‘Your obedient servant,

‘P. G. KEYES,

‘Secretary.

‘C. F. CALDWELL, Esq.,  
‘Kaslo, B.C.’

Q. Did you ask what disposition was to be made of the \$5 fee?—A. No, we made no inquiry.

Q. You read at the end, ‘It is inferred that you have made a mistake in mentioning Mr. Oxley as the applicant for this half section.’

I want to call your attention to that paragraph in the letter. The department does not say that Mr. Oxley cannot get two lots of 320 acres, but that ‘you,’ that is Caldwell, ‘have made a mistake in mentioning Mr. Oxley as the applicant to this half section.’ Do you notice that?—A. I did not notice that, no.

Q. Just read it to yourself again, you need not read it aloud?—A. It says, ‘not more than 320 acres of coal-mining lands can be reserved for or disposed of to one applicant,’ that is clear enough.

Q. Read the last paragraph?—A. (Reads.) ‘It is inferred that you have made a mistake in mentioning Mr. Oxley as the applicant to this half section.’ It was assumed that he had inserted the name of the wrong client.

Q. You are dealing with Oxley's application, as he had one for 320 acres he could not put in another application, but that Mr. Caldwell ‘had made a mistake’ in not putting somebody else's name in—is that it?

Mr. PARDEE.—The letter speaks for itself.

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*By Mr. Barker :*

Q. Is that it?—A. I only can express an opinion.

Q. Then if this had come in in any other name than Oxley there would have been no difficulty?—A. If Mr. Caldwell had inserted the name of an applicant who had not previously made application for 320 acres undoubtedly that would have been dealt with.

Q. You called his attention to that?—A. Whoever wrote the letter called his attention to that.

*By Mr. Sinclair:*

Q. You mean that if Oxley had not previously applied for 320 acres that letter would never have been written—A. No, he would have received the usual reply if he had been the party who applied.

*By Mr. Barker :*

Q. The answer is that they were dealing with Caldwell. There is a similar case on 172 and 198?—A. Well, there is nothing in 198 to indicate it is a double application.

Q. What about 172?—A. (After examining file) I assume the name of Michael Cassidy was inserted in two applications.

Q. One of them was rejected?—A. It certainly would be rejected, yes.

Q. How many actual sales have taken place?—A. Ten.

*By Mr. Finlayson:*

Q. That is ten of Caldwell's applications?—A. Ten of those applications which are under discussion.

*By Mr. Barker:*

Q. Will you turn to No. 254?—A. Yes.

Q. What is that an application for?—A. It is an application by A. Perron.

Q. Is it 'A' or 'O' Perron?—A. It is 'A' here, for the north half of section 27, township 12, range 3, west of the 5th meridian.

Q. What was the reply to that, look at No. 253—give us the substance of it?—It is dated the 19th of April, 1906, and refers to Caldwell's application on behalf of A. Perron, in respect to the north half of section 27-12-3. 'In reply I am to inform you that the half section in question is covered by prior application, so that the application now made by you on behalf of your client cannot for the present be considered.'

Q. That application and that reply are the only papers you produced under the order of the House with regard to Perron?—A. I assume so, all the papers on the file at that time.

Q. Well, that is the file. Can you find anything else relating to Perron on that? You knew generally, didn't you, that there was nothing in that file produced except a copy of the application and a copy of the formal reply?—A. That was the stage at which that file stood at the time the order was called for.

Q. There is nothing wrong about that, but that was all that was there?—A. Yes.

Q. I want you to bring in your own file to date.—A. For when?

Q. For Perron. (File produced and handed to Mr. Barker.)

Q. This is dated 29th March, 1906. This is the original application on the file?—A. Of 29th March, 1906, yes.

Q. On the 19th of April that reply which you have read was sent?—A. On the 19th of April, yes.

Q. And on the 11th of September, 1906, there is a letter to Mr. Caldwell at Kaslo, B.C., the substance of which is that he is given from that date, the 11th September, 1906, sixty days within which to pay the first instalment of the purchase money. I suppose you know that?—A. You are reading it from the file?

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Q. Perhaps you had better come here and read it for yourself.—A. I have no doubt, Mr. Barker, that it is correct.

Q. You can correct it afterwards if I am wrong. It reads here—

‘Your client will therefore be given a period of 60 days from this date within which to pay the first instalment of the purchase money for the coal mining rights of this half-section, together with the surface rights, if available at the date of the payment, provided the agent of Dominion Lands at Lethbridge is not aware of any objection thereto.’

—A. Yes.

Q. And then there are some departmental letters that are not material. Then on the 13th November, 1906, there is a telegram to Mr. H. H. Rowatt, Chief, Mines Branch, Interior Department, Ottawa:—

‘Hamilton assures me north half 27 A. Perron, south 27 J. Peace, both in twelve three west fifth will be purchased. Time should be extended for payment of same for sixty days after survey now being made is completed. Answer Toronto.

(Sgd.) ‘W. A. GALLIHER.’

Q. Is that from Mr. W. A. Galliher, M.P.?—A. I think so, yes.

Q. That is dated at Toronto, November 13, 1906, and you got that?—A. Yes, I got that.

Q. Then on the 16th of November you reported on the subject to Mr. Cory, your immediate chief?—A. Yes.

Q. And you say that the period given, sixty days to purchase these two half sections has passed, that Perron's expired on the 11th of this month and on the 13th the following telegram was received from Mr. W. A. Galliher, M. P., and then you recite this telegram I have just read. The Mr. Hamilton referred to in this telegram is the solicitor for Messrs. Morris and Company who have filed in this department a number of applications on behalf of clients to purchase coal-mining lands in the above township. The applicants found great difficulty in furnishing descriptions by section, township and range of the particular lands which they desired to purchase, and a survey is now being made of the townships included in these applications, and this survey will be completed in a very short time.

‘Mr. Galliher asks that Messrs. Peace and Perron be granted an extension of sixty days within which to purchase the half sections applied for.

‘The minister's instructions are that not more than sixty days should be allowed for making the first payment on account of coal mining lands, and that any request for further time is to be referred to him.

‘Messrs. Peace and Perron have already been given sixty days within which to purchase the half sections in question, but no payment has been made by them on account of these lands. The extension of time for which Mr. Galliher asks cannot be granted, under the minister's instructions, except by his special authority.

‘The application made by Mr. Galliher is submitted for instructions.

‘Respectfully submitted,

(Sgd.) ‘H. H. ROWATT.’

Q. That is addressed to the deputy minister?—A. Addressed to the deputy minister.

Q. And as that is endorsed—I am reading more here than I require because I have no doubt somebody else will require it—a memorandum to this effect,

‘Submitted to minister in accordance with his general instructions referred to on this memo.’

and that is signed ‘Rothwell’. Then there is a memorandum to you, Mr. Rowatt, ‘Wire them no extension will be given, B.O.M., J.B.H.’

A. That is the minister's private secretary, by order of the minister.

Q. You communicated that to Mr. Galliher, that is here, I need not go into that?—A. Yes, the telegram is there.



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Q. That the extension could not be granted, that the time expired on the 11th instant, and then on the 17th November, 1906, you received from Toronto this telegram,

'Minister refuses extend time on Section 27-12-3. Don't cancel till I see you Monday morning.'

'GALLIHER.'

I will pass over the mere apparently routine work and then on the 20th November, 1906, 'H.H.R.' is that you?—A. Yes

Q. You have initialed the memorandum here,

'Deputy Minister gave instructions by telephone to accept first instalment purchase price north half 27-12-3.'

That relates to the application made by Mr. Galliher, I suppose?—A. The application for extension you mean?

Q. Yes.—A. I think so, it is the same thing.

Q. Do you know if Mr. Galliher was here?—A. I do not remember whether he was here or not.

Q. Now on the 23rd November, 1906, you make the following memorandum:

'On Tuesday, 20th November, 1906, the deputy minister instructed me by telephone to accept payment of the first instalment' &c., referring to the lot.

And then,

'The applicant Mr. A. Perron was given up to the 11th instant within which to purchase this half section. But instructions are to accept payment from him, or on his behalf, notwithstanding the fact that the period given him within which to make such payment has expired.'

A. Yes.

Q. Then on the 30th January, 1907, the secretary of the department writes to Mr. H. C. Hamilton, barrister, Norwoodlee, East Toronto, Ontario, and there is a memorandum at the top, 'Copy for W. A. Galliher, M.P., House of Commons.'

'Sir,—With reference to the application of Mr. A. Perron to purchase the north half of Section 27, Township 12, Range 3, west of the 5th Meridian, for coal mining purposes, I beg to advise you that payment of the sum of \$800 has been made on this applicant's behalf for this half-section. The sale of the coal mining rights of this land to Mr. Perron has accordingly been noted in the records of the department, and the surface rights will be included in the sale, provided the agent of Dominion Lands at Lethbridge reports the same to be still available.

'Your obedient servant,

(Sgd.) 'PERLEY G. KEYES,

'Secretary.'

Do I understand that the local agent was consulted as to the surface rights, apart from the question of the mining rights?—A. Yes, he was.

Q. He dealt with the surface rights and you dealt with the mining rights?—A. Yes, he might grant homestead entry in the meantime without our knowing anything about it.

Q. But the mining rights you control?—A. We control the mining rights, yes.

Q. Then the secretary of the department, coming back to the 26th of November again, it is out of place, but this is a letter from the secretary of the department to H. C. Hamilton, Esq., whose address I have already read:—

'Sir,—With reference to the sale to your client A. Perron of the surface and under rights of the north half of section 27, township 12, range 3, west of the 5th meridian, I beg to say that the date of sale was the 20th of November, 1906, and the total purchase price was \$3,200. The first instalment of the purchase price amounting to \$800 has been paid, to which has been added the sum of \$5, previously paid in connection with the application.

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'I am directed to remind you that the balance of the second instalment, amounting to \$795, became due on the 20th instant, together with interest on the total unpaid balance at the rate of 5 per cent per annum from the date of purchase.

'Kindly forward the amount due as soon as possible.

'Your obedient servant,

(Sgd.) 'P. G. KEYES,  
'Secretary.'

A. Yes.

Q. Now, Mr. Rowatt, in 1907, you were receiving a large sum of money in connection with the sale of these lands. Did you call for an assignment to Mr. Caldwell, or Mr. Hamilton, from their clients, or anything to show that they rightly interposed in this matter instead of Perron?—A. I do not quite understand you.

Q. At the time you received this money and were beginning to treat with these gentlemen?—A. Yes.

Q. Did you receive any assignment or transfer of any kind from Perron to Hamilton, Caldwell or any person they represented?—A. There was no assignment, I think.

Q. You did not ask for it?—A. We did not ask it, certainly.

Q. And you had none?—A. There is nothing. I think on the file to show that anything of the kind was asked for.

Q. You are treating Mr. H. C. Hamilton as the representative of Perron here; how did you know he was? Did he tell you he was the representative of Perron?—A. There is probably correspondence on some other file to indicate that Hamilton had written to the department in reference to this and other matters.

Q. You mean on some other file that we haven't here?—A. I mean that probably there is a letter from Hamilton which will explain his connection with this particular case.

*By Mr. McLean (Lunenburg):*

Q. Perhaps he called personally?

*By Mr. Barker:*

Q. I want to know if you have anything down at the department to show that?—A. I think it is here, anything we have is here.

Q. Then up to this date, this is really the meaning of it, the right of application in this lot was in Perron, and you were transacting business with regard to it with other people without knowing by what authority they entered in the case?—A. Mr. Hamilton is a solicitor and his representations to the department were that he was acting on behalf of A. Perron, so that we addressed our correspondence to Mr. Hamilton.

Q. Did you get a letter to that effect?—A. I think there is a letter on file.

Q. But you say that his representations to the department were that he was acting on behalf of A. Perron?—A. Yes, his representations either verbal or written.

Q. Did you ever see him?—A. Yes, very often.

Q. When did you first see him about this business?—A. I have seen him very very frequently.

Q. But when did you see him?—A. Before we had ever written to him in regard to Perron.

Q. Did he see you about mining applications?—A. About mining applications.

Q. Was he acting for others or for himself?—A. For others.

Q. And was he doing that to a large extent?—A. To a considerable extent, yes.

Q. Therefore he may have told you that he was acting for Perron, or he may have written, you don't know which?—A. I think you will find on one of the files a communication from Mr. Caldwell to the effect that Mr. Hamilton would hereafter act as solicitor for his several clients.

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Q. Then it was Mr. Caldwell who communicated that to you?—A. Mr. Caldwell put a communication on the file to that effect.

Q. Are these all the papers to date in regard to the Perron case?—A. All the papers except any on the general file which you have before you.

Q. You say, except on the general file, where is it?—A. You have the general file, there is also possibly a reference to Perron on the general file as one of Mr. Caldwell's clients.

Q. That is another batch of papers?—A. No, the one you have down there we call the 'Caldwell general file.'

Q. There are references there to Perron?—A. His name undoubtedly appears quite frequently on that file, there are no other papers.

Q. Now will you turn to J. Peace, No. 256 on the file?—A. Do you want it, Mr. Barker?

Q. Yes, you can state the facts—I won't ask you to go over all this again, but go through it to see if it is of the same general character. With regard to Peace the application is for the south half of section 27, township 12, range 3, west of the 5th meridian; the correspondence appears to be identical and the same telegram from Mr. Galliher, in connection with this, is that there?—A. Yes, I think they were both dealt with in the same manner.

Q. As to Frank Chilton, who applied for the north half of 34-10-3, I think it is generally the same, but on the 5th of December, 1906, the secretary writes to Mr. H. C. Hamilton, as follows:—

'In regard to the application submitted by Mr. C. F. Caldwell in March last on behalf of Frank Chilton for permission to purchase the surface and coal mining rights of the north half of section 34, township 10, range 3, west of the 5th meridian, I beg to say that the prior applications which covered the northwest quarter of this section have been cancelled. Your client will accordingly be given 60 days from this date within which to pay the first instalment of the purchase price, etc.'

Then on the 30th January the secretary writes to Mr. Hamilton, and notes that a copy is to be sent to Mr. Galliher, and tells him that a payment of \$400 has been made on behalf of Mr. Chilton, that the same has been noted and that a report has been asked for from the local officer, so that Mr. Chilton's case was included with Peace and Perron?—A. Well it is a very similar case.

Q. There is no distinction made between them?—A. Except—

Q. Except the dates and the amounts?—A. Yes, and that the sale only includes a quarter section instead of a half.

Q. Let me see this general file—I see here on the 18th of December, 1906, a receipt issued by you, Mr. Rowatt?—A. Yes.

Q. For \$2,000, 'Received from Mr. H. C. Hamilton, Norwoodlee, East Toronto, the sum of \$2,000 in payment of the amount tendered for the purchase of the surface and under rights on behalf of:

A. Perron, N $\frac{1}{2}$ 27-12-3-W 5.. . . .	\$ 800
J. Pearce, S. $\frac{1}{2}$ 27-12-3-W. 5.... . . . .	800
Frank Chilton, N.E. $\frac{1}{4}$ 34-10-3-W. 5.. . . .	400

---

\$2,000

H. H. ROWATT,  
Chief Clerk Mineral Lands Branch,  
Per Chas. Hunt,  
Book-keeper.'

Q. On the 18th of November, 1906, there is a memorandum by you to this effect:



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Mr. W. A. Galliher, M.P., hands in unaccepted cheque for \$1,645, which he tendered as payment of the first instalment.

Sec. 27-12-3-W. 5.

J. Peace—A. Perron.

N. E. 34-10-3-W. 5.

Frank Chilton,

H.H.R.

Then there is a memorandum in the corner, 'Refund cheque in favour of H. C. Hamilton to be applied for the balance, \$355.' These two sums together would make the \$2,000 for which you gave a receipt?—A. I presume so.

Q. Then that \$2,000 was paid in by the cheque of Mr. Galliher for \$1,645 and \$355, consisting of deposits I suppose, on other people's lands which had been transferred to Mr. Hamilton and which had been refunded?—A. It wasn't Mr. Galliher's cheque, I think, but it was a cheque.

Q. You do not say it is his cheque, but that Mr. W. A. Galliher, M. P., hands in an unaccepted cheque?—A. I feel sure it was not his cheque.

Q. Then whose cheque was it?—A. If I remember rightly it was Mr. Clergue's cheque.

Q. It was Mr. Clergue's cheque; who is Mr. Clergue?—A. Well apart from the fact that his name is 'F. W.' I think it is, I do not know anything more about him.

Q. To whom was it payable?—A. It is very hard to recollect that; I think it was payable to the Department of the Interior, but it was not marked 'good' by an officer of the bank on which it was drawn.

Q. It was not payable to Mr. Galliher?—A. I think not, I think it was payable to the department and signed by Mr. Clergue.

Q. Was it Mr. Clergue, of the Soo?—A. I think it was.

Q. You have marked here, 'Received cheque for \$1,645', that was handed to you by Mr. Galliher?—A. Mr. Galliher handed it in simply.

Q. Did he give any explanation about it?—A. I do not know that he gave any explanation.

Q. How did he come to hand it in?—A. He is a barrister and solicitor, and I assume that he was acting for these people in that capacity.

Q. Barristers and solicitors seems to be cropping up everywhere in your department. Can you tell me who H. C. Hamilton is?—A. He is also a solicitor.

Q. Yes, I think he was acting for another firm of solicitors in a previous letter?—A. Yes, he was acting for them, that is Carniff and Morris.

Q. They are solicitors also?—A. I think they are solicitors also.

Q. Who were the solicitors for: Mr. Clergue?—A. No, Mr. Hamilton is, I think, Mr. Clergue's solicitor, but he lives in Toronto.

Q. Is there any paper in the department showing that Mr. Clergue has any interest in this land?—A. There is no paper of any kind that I know of.

Q. He has just sent a cheque for \$1,645, and as far as you know there is not a scrap of writing or papers?—A. It is not filed, no.

Q. That is as far as you know?—A. As far as I know he has not filed a scrap in the department—I don't know Mr. Clergue.

Q. Did anybody tell you that these people had any interest?—A. They never told me directly.

Q. Did they ever give you to understand that they held assignments?—A. I don't think they gave me to understand that they held assignments. I assumed that they did, though.

Q. Supposing Mr. Perron came and asked you for the patent after they had paid the money, what would you have said?—A. I think we would have prepared the requisition for the issue of the patent in favour of Mr. Perron.

Q. You would? And these men took all that risk?—A. The risk was theirs.

Q. Having given receipts to these gentlemen you would not think then of follow-

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ing later on your departmental decision, you would simply issue the patents to Perron?—A. We never have had a case of that kind, but I do not see any reason why we shouldn't.

Q. I find on the same list, the 23rd January, 1907—it is simply 23-1-07—'Required a cheque in favour of H. C. Hamilton, Toronto, for \$25, being a refund of fee paid by him on behalf of his clients in connection with appl. to purchase for coal-mining purposes, as per schedule attached. (Application not granted).' Then there is another exactly like that, whether it is a duplicate or not, I do not know. Then there is one for \$55 in favour of H. C. Hamilton, then there is one for \$80, marked 'cancelled,' and there is one for \$10, and this one, 'Fees paid by him on behalf of L. Sabourin, purchase of coal-mining rights, northeast half of 24-12-3'; isn't that one of the Oxley lots?—A. I really don't know without looking it up.

Q. Do you know what all these apply to?—A. I think you will find that the total of these requisitions there is the amount of the cheque that Mr. Hamilton returned.

Q. That is the \$355 cheque?—A. Whatever it was, I think you will find that the total of these amounts to that sum.

Q. But these names, I think, that are mentioned here, or a few of them, are not in the Caldwell application?—A. They are not,—well, really I don't know.

Q. Sabourin is not in the Caldwell list? A. Probably it is an application that Mr. Hamilton himself submitted.

Q. You mean that it was for some other application?—A. Probably.

Q. Here is a copy of the letter dated November 28, 1906, that you received in your department:

'To the Secretary,  
'Department of Interior,  
'Ottawa.

File No. 509,327 T & M.

'SIR,—Your letter of the 24th instant, inclosing cheque No. 1926, for \$355, being a refund of the fee of \$5 in connection with the seventy-one applications made by Mr. C. F. Caldwell on behalf of clients, together with voucher therefor, has been received.

'I now inclose you the cheque endorsed in favour of the Deputy Minister of the Interior, together with voucher duly signed, as requested, as I desire it to be applied, as mentioned in your letter, on account of the first instalment of the purchase price of section 27, township 12, range 3, west of the 5th meridian, and the N.E. ¼ section 34, township 10, range 3, west of the 5th meridian.

'I have the honour to be, sir,

'Your obedient servant,

(Sgd) 'HY. C. HAMILTON.'

That relates to the same lots does it?—A. I think so.

Q. Why was that cheque endorsed to the Deputy Minister?—A. He desired to have it applied on account of the purchase of land, so that, of course, he would have to endorse it, it was issued in his favour.

Q. Is it the practice to have the departmental cheque endorsed by the Deputy Minister?—A. The practice is to endorse it by the Deputy Minister.

Q. Is it the practice of the department?—A. Yes.

Q. Is it the invariable practice?—A. The cheques should be drawn in favour of the Deputy Minister, and that being the case they should be endorsed by the Deputy Minister.

Q. I see here, that on the 8th of November, C. F. Caldwell writes to the department from Kaslo, B.C., and the letter was received on November 15, five days afterwards:—

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'DEAR SIR,—Please find voucher for ch. No. 1773 of \$65 for refund on coal applications which you forwarded to me Oct. 10, 1906, File No. 509,327 T. & M.

'Yours truly,

'C. F. CALDWELL.'

There is a memorandum here, 'No enclosure when received,' can you explain that?  
—A. Can I explain why the cheque was not in the letter?

Q. He sends this letter enclosing cheque \$65, and the cheque was not in it when received?—A. I assume he forgot to put the cheque in it.

Q. But it came ultimately?—A. I do not remember that it did.

Q. This was a refund of \$5 on 13 of those applications we have been discussing for the past couple of days?—A. I think so, yes.

Q. Had you any authority from anybody to pay that money to Caldwell?—A. To pay the money, to refund the money to Caldwell?

Q. For refunding these deposits to Caldwell?—A. We had the very best authority for refunding anything which should be refunded.

Q. Refunding to Caldwell?—A. To Caldwell.

Q. The money was paid in on behalf of other people?—A. By Caldwell.

Q. As agent on behalf of other people, that does not give you authority to pay it back to the agent?—A. I think so.

Q. You think so?—A. Yes.

Q. At all events you did so?—A. Invariably the practice of the department is to refund the money to the payer.

Q. Had you any specific authority to do that?—A. It has been the custom and the practice of the department for years.

Q. Did you get any specific directions from the parties individually on whose behalf it was paid, to refund the money to Mr. Caldwell?—A. Certainly not.

*By Mr. Sinclair:*

Q. You consider it a safe practice to pay the money back to the man who paid the money in?—A. Yes, I should think it would be practical commonsense, too.

*By Mr. McCraney:*

Q. Have you any complaints because you have adopted that practice?—A. I do not remember any complaints, although there are cases where it would be rather hard on the assignee.

*By Mr. Barker:*

Q. Do you know how many lots refunds were made upon?—A. I think about 126 or 127.

Q. Out of the 235?—A. Yes.

Q. Now, here is a letter from Mr. Hamilton on the 8th November, 1906, to you: 'I have been informed that notices respecting the applications which were made by Charles F. Caldwell for certain coal lands in the province of Alberta are being received by him. You will remember I lodged with you a power of attorney from Caldwell to myself and authority to pay all refunds to me, signed by Caldwell.

'Will you kindly see that all the notices are sent to me to "Norwoodlee," East Toronto, Ontario, also refunds.

'I have the honour to be, sir,

'Your obedient servant,

(Sgd.) 'HY. C. HAMILTON.'

Where is that power of attorney?—A. I would assume it is on the Hamilton file.

Q. Were they transferred then to Hamilton's file?—A. If it is not on Caldwell's file the inference would be that it was put on Hamilton's file.



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Q. I think I will have to ask you to make a note to produce that file. It may be here, but I do not see it—Who is Mr. Rothwell?—A. The law clerk of the Interior Department.

Q. It is only fair to you to read this. It is dated the 3rd November, 1906, and is a memorandum to Mr. Rothwell. (Reads):—

‘I attach hereto a copy of memorandum which I sent to you on the 12th ultimo, asking for your ruling as to whether the order which accompanied that memorandum might be accepted as sufficient authority to refund to Mr. H. C. Hamilton certain payments made by Mr. C. F. Caldwell. I have not received a reply to that memorandum and a large number of refunds are now awaiting your decision.’

On the 12th October, 1906, there is an unsigned paper, as follows:—

‘Mr. ROTHWELL,—Mr. C. F. Caldwell submitted to this department some time ago a large number of applications for permission on behalf of his clients, to purchase coal mining lands, and with each application he paid a fee of \$5 as required by the regulations. The lands applied for, however, in the majority of cases were covered by prior applications, so that under the provisions of the regulations Mr. Caldwell was entitled to a refund of the fee paid.

‘As the lands in question are not available Mr. Caldwell has now withdrawn his applications, and has asked for a refund, to which he is entitled. Mr. Henry C. Hamilton, of Toronto, has now sent in the annexed communication from Mr. Caldwell, in which he authorizes the department to pay to Mr. Hamilton all or any moneys which may be refunded to him out of the fees or deposits which he has paid into the department on account of applications made by him for coal mining lands under the regulations.

‘Please say whether this authorization may be accepted and the balance of the refunds to which Mr. Caldwell is entitled paid to Mr. Hamilton on the strength of this order.

‘Respectfully submitted,

‘H. H. ROWATT.’

The reply in the margin is, ‘Yes. T. G. Rothwell.’ Assuming you have that power of attorney I should say there is no doubt about that. You asked him if that authority from Caldwell entitled you to pay the refunds to Hamilton?—A. Yes.

Q. There is no doubt about that, you thought it necessary to take legal advice about that. Is that what you referred to the other day when you said you had a legal opinion from the Department of Justice?—A. Oh, no.

The CHAIRMAN.—That was with regard to a general matter.

A. That is a general matter, yes.

*By Mr. Barker:*

Q. Then on the 8th of October, 1906, this is probably what you might call a power of attorney, Mr. Henry C. Hamilton writes:—

‘I beg to enclose you letter from C. F. Caldwell authorizing the department to pay me all, or any, moneys which may be refunded to him out of the fees or deposits which he has paid the department on account of applications made for coal lands under the regulations.

‘Will you kindly therefore forward any refunds which may be made on account of said applications addressing same to me at “Norwoodlee,” East Toronto, Ontario.

I have the honour to be, sir,

‘Your obedient servant,

‘HENRY C. HAMILTON.’

And apparently enclosed in that was this—

‘OTTAWA, August 20, 1906.

‘H. H. ROWATT, Esq.,

‘SIR,—I hereby authorize the Department of the Interior to pay to Henry C. Hamilton, of the town of Sault Ste. Marie, in the District of Algoma, barrister, all

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or any moneys which may be refunded to me out of the fees or deposits which I have paid to the department on account of the applications which I have made.'

I should say there could be only one answer to that and that is there is nobody else interested in these applications except Caldwell and Hamilton?—A. Interested in the fees.

Q. The deposits which I have paid to the department on account of the applications which I have made, you see he has got down there to the position that he is the most interested. Then, on October 15, 1906, there is this letter addressed to you also :

'Sir,—I beg to enclose you power of attorney from C. F. Caldwell to myself, authorizing me to transact business for him, execute documents, &c., in connection with applications he has made for lands in your department.

'I have the honour to be, sir,

'Your obedient servant,

HY. C. HAMILTON.'

I think I must read this power of attorney (reads).

'Know all men by these presents that I, Charles F. Caldwell, of Kaslo, in the Province of British Columbia, gentleman, do hereby constitute and appoint Henry C. Hamilton, of the Town of Sault Ste. Marie, in the District of Algoma, barrister-at-law, my true and lawful attorney, for me, and in my name, place and stead, and for my sole use and benefit to represent and act for me in the transacting of business with the Department of the Interior of the Dominion of Canada in connection with any right, title or interest now vested in, or hereafter acquired by me or in my name, or held by others for me in lands, including agricultural, coal, timber, mineral and oil lands, under the jurisdiction of the Dominion of Canada, and for such purposes to have and exercise the following rights, powers and privileges hereunder : (a) To acquire for me and in my name by purchase, lease, patent, deed, transfer, assignment, or other contract or conveyance, lands, including agricultural, coal, timber, mineral and oil lands, or any interest therein, under the jurisdiction of the Government of Canada. (b) To sell, lease, sublet, assign, convey, transfer, charge, mortgage or otherwise deal with or dispose of all my right, title and interest in any such lands. (c) For me and in my name to sign and execute all leases, deeds, assignments, transfers, agreements, contracts, charges, mortgages, receipts, releases, discharges, bonds, documents and paper writings, necessary to fully effectuate the intention of these presents and facilitate completion with or through the Department of the Interior, of all dealings with my right, title and interest in lands as aforesaid. (d) To do and perform all acts, matters and deeds incidental thereto, and exercise all powers, rights and privileges hereby granted, as fully and effectually as I myself could do if personally present and acting in the premises. I hereby ratifying and agreeing and covenanting for myself, my heirs, executors and administrators, to allow, ratify and confirm whatsoever my said attorney shall or may lawfully do or cause to be done, in the premises, by virtue of those presents.

And that the powers herein contained may be exercised in the name and on behalf of my heirs, executors and administrators and shall not be revoked by my death.

In witness whereof I have hereunto set my hand and seal this 15th day of May, A.D., 1906.

(Sgd.) 'CHARLES F. CALDWELL.'

In the presence of  
Ad. Alf. J. Saunders.

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‘PROVINCE OF ONTARIO,  
DISTRICT OF ALGOMA,  
TO WIT

I, Alfred John Saunders, of the Town of Sault Ste. Marie, in the District of Algoma, Esquire, make oath and say:—

1. That I was personally present and did see the annexed Power of Attorney duly signed and executed by Charles F. Caldwell, one of the parties thereto.
2. That the said Power of Attorney was executed at the said town of Sault Ste. Marie.
3. That I know the said Charles Caldwell and that he is over the age of twenty-one years.
4. That I am a subscribing witness to the due execution of said Power of Attorney.

Sworn before me at the Town of Sault Ste. Marie, in the District of Algoma, this 15th day of May, A.D., 1906.

(Sd.) ALF. H. SAUNDERS.

(Sd.) A. ELLIOT,  
A Notary Public.’

On September 20, 1906, after that power of attorney was executed, the department continued the correspondence with Mr. Caldwell about these applications. The department from May to October continued to correspond with Mr. Caldwell.

A. We did not have it in the department until October.

Q. I find here—Who is Mr. Campbell, is he your predecessor?—A. Mr. R. H. Campbell.

Q. That is your predecessor?—A. Yes.

Q. I find on the 14th of May, 1906, a memorandum from the secretary to Mr. Campbell:

‘With reference to Return called for by Mr. Reid of Grenville respecting C. F. Caldwell and others who made certain applications to purchase coal mining lands, please note that it will not be necessary to copy applications other than those made by Mr. C. F. Caldwell or by C. F. Caldwell on behalf of others. (Ref. 103, File 1174570). Merely give attention to the first part of the first Order.’

The order has two or three distinct directions, can you tell me why there was no attention to be paid to the other part of the order?—A. I do not know why, but I assume that some arrangement was made by the person who asked the question in the House.

Mr. REID (Grenville).—It was not made by me.

*By Mr. Barker:*

Q. The order of the House is for a copy ‘of all applications from C. F. Caldwell on behalf of any clients, together with their names, or by any other person or persons, together with copies of all correspondence or other papers in connection with permission to purchase four mining lands in the Province of Alberta.’ What I want to know is why the correspondence was kept out by specific direction from the secretary.

Mr. REID (Grenville).—There was no agreement by me.

*By Mr. Sinclair:*

Q. Do you understand that asks for all correspondence by everybody connected with coal mining lands in Alberta?—A. Oh, no, only the Caldwell cases.



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*By Mr. Barker:*

Q. And the secretary says take notice only to the first part, and that has been carried out by the copyist. We have sent in the former applications and the former replies, nothing else appears on the return?—A. I think all that correspondence took place after the return was made.

Q. What about this list of the 27th of March?—A. You can scarcely look upon that as correspondence.

*By Mr. Reid (Grenville):*

Q. What about the power of attorney to Mr. Hamilton?—A. That did not come in until after your return was down.

*By Mr. Barker:*

Q. There is the list dated the 27th March at Kaslo, B.C., received here on the 28th of March?—A. That is simply a list of names for the guidance of the department.

Q. But it is correspondence in connection with it—here is one on March 28, 1906, dated at Kaslo, to the Secretary of the Department of the Interior, containing seven pages relating to this matter and signed 'Respectfully, C. F. Caldwell, Agent.' Now the direction was to pay no attention to that?—A. You received a copy of every application bearing on that list.

Mr. MACLEAN (Lunenburg):—We are not here to inquire into that as to whether the secretary has complied with the order of the House or not; he may have an explanation which this witness cannot give.

By Mr. BARKER:—You say the letters you did not produce were the letters that were bulk applications, you produce only those that were single applications—I am not charging you with any wrong.—A. No, I know.

Q. I want copies made, for this evidence, of the letters of the 20th, the 26th, the 27th and the 28th of March and the list of 28th March, 1906. Will you turn now to No. 381, what application is that?—A. R. Fox.

Q. For the north half of section 34, township 12, range 3, west of the 5th meridian. What is the date of that?—A. March 29, 1906.

Q. That is a single application?—A. It appears to be here.

Q. That is just one alone?—A. Yes.

Q. I find here—that is dated, you say, 29th March, 1906?—A. Yes.

Q. Now, I find here on this application, this list of applications, from March 28th, headed 'Kaslo, B.C.' 'R. Fox, north half of 34-12-3,' that is the same?—A. Yes.

Q. Can you explain how it happened that this application came to you dated March 29th when it was already on the list dated March 28th for the same lot?—A. It is just as I explained before, that list was not intended as an application, it is simply a list of names of his clients for the guidance of the department in dealing with the individual applications when they came in.

Q. When you got this list of March 28, and you had it on that date, there was no application from R. Fox at all?—A. There is nothing there to indicate that we got the list on that day.

Q. What I say is that this name appears on this list of the 28th March and there was no application in the department on behalf of R. Fox at that date?—A. There is no question about that, but that list —

Q. Just answer the question. On the date of this list, the 28th of March, 1906, on which the name of R. Fox appears for the north half of lot 34-12-3, you had no application from him in the department?—A. On the 28th of March—

Q. Had you any application from him at that time?—A. I do not know, I have to answer the question in my own way. On the 28th we had not the application of the 29th, that is quite clear.

Q. Had you another?—A. I do not know, but this I do know that we could have had the application dated the 29th on the day previous.

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Q. Then can you explain whether there was a bulk list which was afterwards supplemented by separate applications obtained from the people?—A. I do not know that it was supplemented afterwards.

Q. But if it is dated on the 28th the application came in afterwards?—A. From the note at the top of that list I feel convinced that the department did not have it on file until after all the applications were in.

Q. I do not say you had it, but he was here evidently at that time?—A. He was, yes.

Q. And he may have handed it in or not, but he had that list and it has been totalled up, and it is one of 235 or 236 names?—A. Yes.

Q. And R. Fox on the 29th, one day after the date of this list signed a separate application?—A. Caldwell was evidently getting his clients together on that list, he was apparently assembling the names of his clients on that list.

Q. Yes, that list was made up on the 28th, and, undoubtedly, according to the correspondence the gentleman was here in Ottawa?—A. I think he was here, yes.

Q. He wrote you a letter on the 27th and you got it on the 28th?—A. Yes, so that he must have been in Ottawa.

Q. You have mentioned that before?—A. Yes.

Q. So I find that of those 235 applications, 51 applications were dated on the 29th of March, all those 51 applications were signed after the date of this list. I would like you to check that.—A. Well, I have no doubt that is correct.

Q. I mean I can put it down in the evidence and I want you to check it after. Then I find that on the 30th of March there were 31 separate applications from people on that list, and on the 31st March there is an application from W. H. Green who is on that list. I point that out now in order to ask you if you can explain it?—A. I think I can explain it, that list was prepared by Mr. Caldwell for his own purpose to see who his clients were, and for what lots they were to apply and afterwards he handed it in to the department.

Q. Apparently the application was not filled in by him for these particular people until one, two or three days and more after the list was made out?—A. Yes, but I do not think that list was filed in the department until long afterwards or some time afterwards anyway.

Q. You do not think he would go back after the date?—A. No, he had it prepared for us on that date and sent to us later. If you look at the date of the next communication I think you will form some idea of when it was filed in the department.

Q. The next communication?—A. Yes, the one which is on top of it.

Q. We have a list on the 23rd April, that is another big list?—A. Yes, probably it was April or May when he filed them.

Q. At all events there is the fact that before he had these applications signed or anything else, he had this list all ready?—A. Yes, I presume he had them ready for himself.

Q. Will you turn to page 389?—A. Yes, 389.

Q. Who is that?—A. A. Blais.

Q. What is that for?—A. For the north half of section 22, township 12, range 3, west of the 5th meridian.

Q. That is the same man, have you any explanation as to that?—A. The same man applies twice for the same lot?—A. No, I have no explanation, I do not know how that occurred.

Q. It is the same date?—A. Of course with a large number of applications like that by the same person a mistake might occur, it is simply a duplication.

Q. That is the only explanation you have?—A. That is the only explanation I have.

Q. That is one of the lots the sale of which was actually carried out?—A. Yes, A. Blais purchased.

Q. Well, now, Mr. Rowatt, I think I am about finished with you and I would

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like you to be prepared to check over these figures before the next meeting.—A. The stenographer will probably give me the information in the meantime so that I can check it.

*Mr. McCraney:*

Q. What became of the 235 applications?—A. Of the 235 applications 127 were refused and a refund made, I think that is the exact figure. In 109 cases the clients of Mr. Caldwell were offered the land and in ten cases they purchased.

*By the Chairman:*

Q. Why were they refused?—A. Because the land was covered by prior applications or because they were school lands or Hudson Bay lands.

Mr. McCraney.—How long have these regulations under which the applications were made been in force?—A. I think since 1882 or 1883.

Q. When the application is made how long do you give to complete the purchase?—A. Generally sixty days.

Q. Generally sixty days. I notice in your evidence you speak of ten applications which were completed by purchase you speak as though there had been—

*Mr. Barker:*

Q. Did you ask him whether it was from the date of application, and if so how many days were given?—A. It is sixty days from the date of the notification.

*By Mr. McCraney:*

Q. Of these ten applications which were completed by purchase, all of them had been subject to prior application, is that correct?—A. I think that is correct.

Q. My note here is that six of them were cases in which you have a conditional refusal and that four of them were where you had given absolute refusal?—A. I think that is right.

Q. Why in the one case did you give a conditional refusal and, in the other case an absolute refusal?—A. I think the intention was in every case to say that the application could not for the present be granted, but occasionally the clerk who dictated the letter left out 'for the present', but the meaning was that at the present time the application could not be dealt with.

Q. So that you think the intention was that there should be the same general notice by the department, and that if there was any difference in the form it was simply the mistake of the clerk who dictated the letter?—A. That is the practice of the department.

Q. When you found, when an application came in, there were prior applications, how long would you give the prior applicant to complete the purchase?—A. Well, the general practice is to give all sixty days. There is no regulation to that effect, it is simply the practice and custom.

Q. Which you may have extended in particular cases or not, just as you wished?—A. Or curtailed, yes.

Witness retired.

Mr. BARKER.—I wanted to have a few minutes with the Auditor General in order to get the cheques in.

Mr. John FRASER, Auditor General, called.

*By Mr. Barker:*

Q. Will you please produce certain cheques from the bank?—A. Yes.

Q. There is a cheque here of the 25th April, 1906, from the Department of the Interior for \$53?—A. Yes.

Q. It is apparently a refund, 'refund of fee to purchase coal lands'?—A. Yes.

Q. It is endorsed by Mr. Caldwell and after endorsement 'for deposit in the



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Union Bank of Canada to the credit of J. E. Davison & Co.' Have you any knowledge of who J. E. Davison is?—A. No.

Q. Do you know Mr. Rowatt?

Mr. ROWATT.—No, it may have been some merchant that he handed the cheque to.

Q. It also appears to have been handled at Pincher Creek. Then there is another one on the 8th of May, from the department to Caldwell 'refund of payments with application to purchase' which is endorsed in like manner?—A. Yes.

Q. Then there is another on the 25th June, 1906, from the department to Caldwell for a like purpose, and endorsed 'C. F. Caldwell' and 'Pay to the order of Imperial Bank of Canada, Hume Hotel, J. Fred Hume, Proprietor' and it passed through the Imperial Bank at Nelson, B. C?—A. Yes.

Q. Another cheque is from the department to C. F. Caldwell for a like purpose on 2nd August, 1906, endorsed by C. F. Caldwell and 'Davis & Hooper, J. L. Davis'. That passed through the Bank of Montreal at Rossland, British Columbia. Do you know any of those people?

Mr. ROWATT—I do not.

Q. On 8th of September, 1906, there is a cheque to C. F. Caldwell for \$25, refund of coal lands and that appears to have come back into the department. I understand, Mr. Rowatt, that would be used, and come back on other applications?—A. Yes, I assume so.

Q. It is not endorsed by Mr. Caldwell, I suppose it never went into his hands, it was just a transfer cheque. There is another on the 3rd of October, 1906, to C. F. Caldwell for \$65 for a similar purpose, endorsed by Caldwell to the Bank of British North America at Ottawa, and it goes through the Bank of British North America at Kaslo, B.C., I think that is about all.

Mr. H. H. ROWATT recalled.

*By Mr. McCraney:*

Q. Of those 236 applications how many did Mr. Caldwell withdraw or ask to withdraw?—A. 203 I think it is.

Q. On how many was he given refunds?—A. On 127.

Q. And on the other application why was he not given refunds?—A. He was only given refunds where the department was not in a position to sell his clients the land. If the department offered the land, and his client did not accept it, he received no refund.

Q. And in each case then, where he could have completed the purchase and did not do so, the department retained the \$5 application fee?—A. Yes, the department retained the fee.

*By Mr. Sinclair:*

Q. How many sections were granted to Mr. Caldwell's clients altogether?—A. Seven half-sections and three quarter-sections.

Q. That is four and a quarter sections altogether?—A. Four and a quarter.

Q. And that is the whole amount of coal lands that was granted to his clients?—A. That is all that was granted to his clients.

Q. His clients were treated like other applicants in all respects were they?—A. In all respects.

Q. There was no advantage that they had, that everybody else that applied did not have?—A. His clients had no advantage that was not given to everyone else.

Q. Do you consider this a good system to limit the quantity to half a section to any one person?—A. I think it is a very poor system, 320 acres is not sufficient to establish a coal mine on.

Q. And the regulation is very easily evaded? Yes.

*By Mr. Ames :*

Q. That system is in vogue now?—A. Oh no, it is not in vogue now; these regulations have been absolutely rescinded and new ones established.

*By Mr. Maclean (Lunenburg) :*

Q. How much can you give to one applicant now?—A. 2,500 acres.

*By Mr. McCraney :*

Q. You do not give them the fee absolutely?—A. No we give them a lease.

Q. How long is the lease for?—A. Twenty-one years.

*By Mr. Reid (Grenville) :*

Q. When were these new regulations made?—A. On the 15th of June, 1907.

*By Mr. Maclean (Lunenburg) :*

Q. Those leases cover four square miles do they not?—A. Four square miles.

*By Mr. Ames :*

Q. Will you produce copies of the regulations as they have been for the last ten years, the whole series of them?—A. Yes, I can do that, Mr. Ames.

Q. I would like it from '96 to the present time.

Mr. McCRAHEY.—Oh, go farther than that.

*By Mr. Ames :*

Q. Will you file a full set of the regulations from the beginning down to the present time?—A. I can give you a full set of the orders in council, the regulations are out of print, that is the old ones.

Q. Well, will you give the orders in council?—A. Undoubtedly.

*By Mr. Chisholm (Antigonish) :*

Q. Are you the man that can furnish the orders in council?—A. They are not in my charge.

Q. The Deputy Minister can supply them?—A. He is the proper person to ask for them.

*By Mr. Ames :*

Q. Where are these lands located, is it west of the 3rd Meridian?—A. West of the 5th meridian.

Q. Have you made any map in the department showing the lands that are covered by these applications, are they in any way marked on the map?—A. No, we have not a map showing that, but of course we can prepare one.

Q. Have you any map in the department that shows all the coal areas under lease or sale?—A. There is no map that shows that.

Q. Or a considerable portion of them?—A. No.

Q. Have you figured out the number of townships which these cover?—A. No, I have not figured it out.

*By Mr. McCraney :*

Q. Are you in a position to give a description of the lots that were granted, each of those ten locations?—A. Certainly.

Witness retired.

Committee adjourned.

## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

FRIDAY, April 10, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock, a.m., the Chairman, Mr. A. H. Clarke, presiding, and proceeded to the further consideration of a payment of \$1,175 to C. F. Caldwell, or any refunds thereof, in connection with the purchases or applications to purchase, mining or surface rights as set out at page L-104 of the Auditor General, 1905-6.

Mr. H. C. HAMILTON called, sworn, and examined.

*By Mr. Barker:*

Q. You are the solicitor for Mr. Clergue?—A. Yes.

Q. Who has been mentioned in connection with the Caldwell applications?—A. Yes.

Q. You know the subject,—A. Yes.

Q. Have you been acting for him throughout, up to the present time, with regard to these applications?—A. Yes.

Q. How did Mr. Clergue become possessed of these applications?—A. Well—

Q. By what process?—A. I was not present at the time that any arrangement was made between him and Mr. Caldwell. These applications I learned subsequently from the record had been made some time in March, 1906. I did not know anything of them until about the 14th or 15th of May that summer, when I was instructed by Mr. Clergue to look into the condition of certain applications which had been made down here—at least certain properties which he supposed he was getting, and which were supposed to be covered by applications that had been made by Caldwell. Upon examination of the records here I discovered that he really had no claim to the properties he thought he was getting and I so reported to him.

Q. Are you referring now to these applications or to the other properties?—A. I am referring to other properties.

Q. To other properties?—A. Yes, to other properties.

Q. Well, you need not continue with that, that only leads you up to this other point?—A. Yes, I reported to him that so far as Mr. Caldwell was concerned he had no claim of any kind, so far as I could find out from the records of the department to those other properties; he had claimed that he had an option on the properties I speak of; so the matter was dropped then and Mr. Caldwell appeared in Toronto subsequently with a letter which he alleged gave an extension of time on those other particular properties until the 1st of September.

Q. You are still dealing now with these other properties,—A. Yes, the other properties. So far as these particular properties are concerned I practically know nothing about the arrangement made with Mr. Clergue.

Q. I do not care to go into these other things which are not before the committee. When did you first know about the 235 applications?—A. About the 14th of May, 1906.

Q. How did you learn anything about them?—A. Because Mr. Clergue had asked me at the time I was examining into these other properties to meet Mr. Caldwell here and see the condition of the whole matter.

Q. Well, did you ask Mr. Caldwell to show you how things stood with regard to these 235 applications?—A. Well, yes, that was discussed with him, although I knew pretty well generally.



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Q. What was the position, as you learned then, acting for Mr. Clergue?—A. On a good many of them he had been given 30 days within which to state whether they were going to take the property; on some of them 60 days.

Q. I am speaking now rather with regard to title only, the position of the applications, did he show you how he was connected with these?—A. Not other than the list he gave me.

Q. He gave you a list,—A. Yes.

A. Of these 235 applications?—A. Of these 235, yes, he said he had made application for these.

Q. That he made application?—A. Yes.

Q. Did he give you to understand that he had made these in his own name?—A. Well, in the name of the various individuals.

Q. But whether it was those people he was acting for, or that he was acting for Caldwell with you?—A. For Clergue.

Q. Was he (Caldwell) acting for himself or for those other people with you, you acting on behalf of Mr. Clergue?—A. As far as that goes he was acting for himself I suppose.

Q. For himself, and not for those 235 people?—A. No.

Q. Now these applications having been made in the names of 235 people, what had you to show that he had any right in it at all.—A. Well, he had letters from the department stating that he had 30 days, or 60 days, as the case may be, within which to make these payments.

Q. Those were answers to the individuals, we have seen those although they were sent to Mr. Clergue?—A. To Mr. Caldwell, I believe.

Q. To Mr. Caldwell, I mean.—A. I think they were mostly directed to Mr. Caldwell.

Q. Was it Mr. Caldwell who took them out of the name of the applicants and gave him control of them?—A. Well, I do not know; of course there had been some assignments made.

Q. There had been assignments?—A. Yes.

Q. Might I ask who had the assignments?—A. He had the assignments.

Q. Assignments from these applicants?—A. Yes.

Q. Did he show you any of those assignments?—A. Yes, I saw some.

Q. That was in May,—A. No, I did not see them in May—I did not see these until subsequently.

Q. Have you got those assignments?—A. No, I have not.

Q. Did you ever have them?—A. I saw them all.

Q. You saw them all?—A. Yes, I have seen them.

Q. Where are they?—A. Mr. Clergue has them, I presume, now. I had gone to Sault Ste. Marie and he showed me those assignments which he had there.

Q. To whom were these assignments made?—A. To C. F. Caldwell and F. H. Clergue.

Q. To C. F. Caldwell and?—A. F. H. Clergue.

Q. They were to those two,—A. Well, I could not say—

Q. You are acting you know for Mr. Clergue, and you must tell me as if Mr. Clergue were here.—A. Yes, I was acting for him, but they had all been closed up and the assignments were there at the time I was spoken to about it.

Q. They were already there?—A. Yes.

Q. When were these made?—A. These assignments?

Q. Yes?—A. As far as I can gather they were made about the time the applications were put in.

Q. About the time the applications were made the assignments were given to Caldwell?—A. And Mr. Clergue.

Q. They were made to both?—A. Yes.

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*By Mr. McCraney:*

Q. Do I understand, Mr. Hamilton to say that the assignments were made to Caldwell and Clergue,—A. Yes.

Q. They were assignments to these two parties jointly, were they?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Assignments by the original parties?—A. By the original parties.

*By Mr. McCraney:*

Q. My understanding is that the assignments were taken by Caldwell and then assigned by Caldwell to Clergue, but you say that is not the case?—A. That is not the case.

*By Mr. Barker:*

Q. And they were made about the time the applications were put in?—A. Yes, about that time.

Q. And these you say are in the possession of Mr. Clergue now?—A. Yes, I imagine that they are in his possession. They had been attended to by Mr. Caldwell and he asked me to look them over, which I did.

Q. Had you seen or heard of the item in the *Ottawa Journal* about the making of these applications?—A. Well, I don't know—no, not the *Ottawa Journal*; I did have a cutting from some paper out west.

Q. About the way in which the applications had been obtained,—A. Yes, Mr. Clergue sent this to me at about this time in May, I think, that Caldwell came down, that is my recollection now.

Q. Did you speak to Caldwell about it?—A. I do not know that I did; I may have, I may have told him that there was a furor or something of that kind about it, but I cannot recollect.

Q. Did he tell you how he had obtained those applications?—A. Well, not other than that he had simply put the applications in.

Q. Where did you understand the people lived, who were the applicants?—A. I understood that there were a lot of them, in fact all of them for that matter, in Ottawa, in fact—no, not all of them, he did make applications I think in the names of some of his friends out west.

Q. Just a few?—A. Yes, but most of them were in Ottawa.

Q. They were Ottawa people?—A. Yes.

Q. Did you understand who these people were?—A. Well—you mean as to occupation.

A. Yes.—A. Of course, I had seen this in the newspaper at that time about the applications having been made by bell-boys and various individuals.

Q. Did you ask Mr. Caldwell about that?—A. No, I can't say that I asked him about it. But I said I thought it was a rather funny thing for him to do.

Q. You said to him that it was rather a funny thing for him to do?—A. Yes.

Q. Well now, Mr. Hamilton, you were acting for Mr. Clergue with Caldwell about these applications—was there any question between you that you were dealing with Caldwell, and not with those Ottawa people who had signed the applications?—A. Well, you see, I did not, as I say, know anything about these Caldwell applications really until about the 14th or 15th of May.

Q. I am speaking of the time when you were dealing with him. Then, were you dealing with Caldwell on his own behalf or as acting for those bell-boys and other people?—A. Well, I was not, of course, acting for Caldwell at all; I was acting for Mr. Clergue and trying to protect his interest.

Q. Yes, you were dealing with Mr. Caldwell on behalf of Mr. Clergue. Did you deal with him as if Caldwell were acting for himself or as the agent of those bell-boys?—A. Well, I presume he was acting for himself.

Q. That is the basis upon which you were acting?—A. Yes.

Q. You have got none of these applications yourself, have you,—A. That Mr. Caldwell made?

Q. Yes.—A. You mean the ones he sent in?

Q. I mean the assignments from these people of the applications?—A. No, I have not.

Q. Have you never had them?—A. Yes, as I say, at the time Mr. Clergue asked me to go over them.

Q. How long since is it?—A. 1906.

Q. Not since then?—A. No.

Q. After you made this arrangement on behalf of Mr. Clergue you practically took charge of the dealings with the department, I understand.—A. Pretty much so, yes.

Q. And what authority did you get from Mr. Caldwell so that you could deal in all these matters?—A. When Mr. Caldwell came down here in May, 1906, I obtained from him, in fact he brought down with him, a power of attorney to myself to attend to those matters he had before the department.

Q. To deal with the department?—A. Yes, that was for the protection of Mr. Clergue.

Q. I have a power of attorney that was produced here appointing you attorney for him, to act for him, 'in the transacting of business with the Department of the Interior of the Dominion of Canada in connection with any rights, titles or interest now vested in, or hereafter acquired by me or in my name, or held by others for me, in lands, including agricultural, coal, timber, mineral and oil lands, under the jurisdiction of the Dominion of Canada, and for such purposes to have and exercise' the rights, powers and privileges thereunder?—A. Yes.

Q. That is the power of attorney you obtained from him?—A. Yes, a very full power of attorney to deal with the matter. That was sent down from Sault Ste. Marie.

Q. Did that relate to these applications, to the 235 applications?—A. Yes, to everything in which he was dealing, and in which Mr. Clergue was interested, the whole of them.

Q. Now under the date of 25th of August, that summer of 1906, you wrote to Mr. Rowatt, an officer of the Department of Interior, who was a witness here—no, this is written by Mr. Caldwell to Mr. Rowatt, and it is dated August 20th, 1906, (reads):

'SIR,—I hereby authorize the Department of the Interior to pay to Henry C. Hamilton, of the town of Sault Ste. Marie, in the district of Algoma, barrister, all or any moneys which may be refunded to me out of the fees or deposits which I have paid to the department on account of the applications which I have made.'

A. Yes.

Q. Did that refer also to these same applications that we are discussing?—A. Yes.

Q. To that transaction and to no other.—A. Yes, that is refunds that we were entitled to if the lands had been taken up by others and we could not get them.

Q. So that in these two documents, the power of attorney and the letter of August 20th he was dealing with you on the evident basis that he was not an agent, but a principal?—A. I presume so, yes.

Q. The language would lead you to presume that?—A. Yes.

Q. There was no pretence that these people here who signed the application were the real applicants?—A. No, they were not applicants themselves; I imagine when he put the applications in he put them in as agent or attorney or something like that.

Q. And in pursuance of the authority of that power of attorney and letter you drew the deposits from the department and handled the whole transaction?—A. Yes.

Q. Absolutely?—A. The object of that was, when I found the condition of affairs I thought I would protect Mr. Clergue as far as I possibly could, and I got this order from Mr. Caldwell to the Department of the Interior to pay these refunds to



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me, because there was quite a lot of these refunds naturally being made in consequence of there being other applications in for the land, and he could not get them.

Q. Do you recollect any of the names of the original applicants?—A. Well, I do. There was one that I strove to find out really what it was. It was really a matter of evolution. I did not know what name it would come out at last, but I have a list that Caldwell prepared for me.

Q. You have a list of what,—A. I have a list of names that he had prepared, and in going over them I found that there had been a lot of mistakes made.

Q. Do you remember the name of Minnie Turner?—A. I could not say that without reference to the list.

Q. You can't remember the names now?—A. I know some of them, peculiar names that I would remember.

Q. 'Katie Paynty'?—A. Yes, I remember that now.

Q. 'Lizzie Church'?—A. I don't want to confine myself to the ladies you know.

Q. I thought you would recollect the ladies better than the men. Perhaps you can recollect Pat. Mahoney?—A. Well, I don't think I do.

Q. That is enough, I won't go further into the matter, that is all I have to ask you.

*By Mr. McCraney:*

Q. How many parcels did you take for Mr. Clergue, Mr. Hamilton?—A. Let me see—I think 2,720 acres altogether.

*By Mr. Barker:*

Q. That is, you finally purchased that quantity,—A. Yes.

Q. It does not mean that that was all you could have purchased if you desired to under the arrangement with Caldwell?—A. No, we could have taken any that we wanted for which there were no other applications in, and which the department was free to give us.

Q. That is all, all the evidence as to what you actually did has been given by Mr. Rowatt.

Witness discharged.

Mr. R. H. CAMPBELL, called, sworn, and examined.

*By Mr. Barker:*

Q. What is your position in the Department of Interior?—A. Superintendent of Forestry.

Q. What was your position in March, 1906?—A. Chief Clerk of the Timber and Mines Branch.

Q. You were chief clerk in the Timber and Mines Branch, that is the position that Mr. Rowatt holds now?—A. Mr. Rowatt has charge of the Mines Branch, which is separate now.

Q. He is in charge of the Mines Branch, but you were chief of that in 1906?—A. Yes.

Q. At the time these transactions took place?—A. Yes.

Q. Have you got there the letters from the 20th to the 25th of March by Mr. Caldwell,—A. In connection with these applications?

Q. In connection with these 235 applications?—A. Yes, I have them.

Q. You have them there. Will you turn to one on the 20th of March?—A. Yes.

Q. Who was that from?—A. It is from C. F. Caldwell and is addressed to the Secretary, Department of Interior.

Q. We have already examined Mr. Rowatt upon that, I wanted you to identify it again. What is the date of the receipt of that in the department?—A. The 20th March.

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Q. That encloses, I believe, some nine or more applications?—A. Yes.

Q. And some money; it is marked 'Cash' on it?—A. Yes.

Q. I mention that in order to have it identified with Mr. Rowatt's testimony. Now, turn to the letter of the 27th of March.—A. Yes, I have the letter of the 27th of March.

Q. Who is that from,—A. From C. F. Caldwell to the secretary of the Department of Interior, Ottawa.

Q. When was that received?—A. On 28th March.

Q. That was received on 28th March; where is it sent from?—A. It is written on a letter heading from 'Kaslo, B.C.,' printed.

Q. 'Kaslo, B.C.,' if it was written on the 27th March at Kaslo it could not be here by post on the 28th March?—A. No.

Q. Does that indicate to you that Mr. Caldwell was here in Ottawa at that time?—A. Yes.

Q. Did he deliver that letter?—A. No, I do not think he delivered that letter, I do not think that he delivered any letter until the 30th of March.

Q. Take the letter of the 27th, anyway you think that came through the Ottawa post office?—A. I think so, as far as I know.

Q. Mr. Caldwell was here, himself, at that time,—A. Well, he must have been—I do not know absolutely, I did not see him until the 30th of March I think it was, he came into the office.

Q. On the 28th of March—is there a letter of that date?—A. There is a letter of the 26th, one on the 26th, but none dated the 28th.

Q. Then the letter of the 26th, we will have that?—A. Yes.

Q. Who is it from?—A. From C. F. Caldwell to the secretary of the Department of the Interior.

Q. When was that received?—A. On 26th March.

Q. That was received on the 26th, which would indicate to you that he was here then, too?—A. Yes.

Q. It is on the same printed heading paper?—A. Yes.

Q. Dated from Kaslo,—A. Yes.

Q. You are familiar with his correspondence, that was his post office address, Kaslo?—A. Yes.

Q. That is where you addressed all your replies to?—A. Yes.

Q. What is the substance of that letter, you need not read it, I just want to identify it.—A. The letter of 26th March?

Q. Yes.—A. Enclosing 14 applications.

Q. It is enclosing 14 applications, that will be sufficient.

*By Mr. McCraney:*

Q. Might I ask how many applications there were with the letter of 27th March?—A. Fifty, apparently.

*By Mr. Barker:*

Q. Well now, you have another paper on the 28th March, what is that?—A. I guess this list will be the 28th of March, yes, there is a list dated 28th March.

Q. How many names appear on that list?—A. Well, that was a general list covering them all, apparently, 235.

Q. Is that stamped,—A. No, not stamped.

Q. Nothing to indicate when you got that?—A. Nothing to indicate, no.

Q. But it is dated 28th March?—A. Yes.

Q. Is that on the same heading, or is there anything to indicate where it was written?—A. 'Kaslo, B.C.,' is typewritten, but it is not the same letter heading, it is on plain paper.

Q. Just Kaslo, B.C.?—A. Yes, typewritten.

Q. That gives 235 applications, about?—A. Yes.

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Q. It is dated 28th March, when did you get that?—A. Well, I could not say exactly, but I think that was probably handed in on the 31st of March, from the last letter on the file.

Q. It is dated you say the 28th March,—A. Yes.

Q. And you are inclined to think it was not handed to you until the 31st?—A. I think not, I cannot recollect exactly, but that is my impression.

Q. Letters came in after the 28th March with additional names?—A. Yes.

Q. The applications of people named in that list?—A. Yes.

Q. Were those applications dated after the 28th March?—A. Well, I cannot recollect that.

Q. Looking over the papers you produced copies of, I see that 34 were on the 30th March, do you recollect these coming to you about the 30th or 31st, a number of applications?—A. Yes.

Q. Do you recollect now that all those that came to you dated the 30th and 31st, their names appear on that list of the 28th, or most of them?—A. Yes, I think there is no doubt of it.

Q. How many applications were dated on the 27th of March,—A. Well, I haven't the applications themselves here so that it is impossible for me to say without looking them over.

Q. You haven't checked them over?—A. No.

Q. The number on the 27th of March was 118, that was checked by Mr. Rowatt, but you have not checked it?—A. No.

Q. Well then, we need not go on with that. Where were these papers from the 20th to the 30th or 31st of March kept in your department?—A. Well, they go to the registration branch of the Timber and Mines Branch.

Q. They were in charge of yourself in the Mines Branch?—A. Yes.

Q. The same as the former applications?—A. Oh, yes.

Q. Can you tell me why, when the House ordered the production to parliament of all the papers relating to these applications, including the correspondence, that these letters you have now referred to were not produced?—A. I do not know.

Q. Have you any recollection why they were not produced,—A. There was no reason that I know of why they were not. The Order of the House was to produce all papers, and I understood all papers had been produced, these included.

Q. You thought they had been produced, and as far as you knew they had been?—A. As far as I knew, yes.

Q. Now the order to produce—I will read you the order, the Order of the House was to produce 'copy of all applications from C. F. Caldwell on behalf of any clients, together with their names, or by any other person or persons, together with copies of all correspondence or other papers in connection with permission to purchase coal-mining lands in the province of Alberta,' you recollect that Order of the House?—A. Yes.

Q. And these papers were in your possession and custody at that time?—A. Yes.

Q. Did you hand them over to the people concerned in order to comply with the Order of the House?—A. Well, the order is handed over and they are told to get out the papers in connection with the Caldwell case and have them copied. I did not check them over.

Q. Did you include these papers?—A. I did not give them direct instructions in regard to any particular papers.

Q. Did you get ready the papers that came under that order, didn't you have them collected?—A. I gave instructions to have them collected, but I did not collect them myself.

Q. Including these?—A. I understood these were included, yes.

Q. Can you tell me why these were not produced?—A. No.

Q. You have no recollection?—A. I have no recollection. I understood they were produced as far as I am concerned.



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Q. Did you see among your papers a memorandum signed by the secretary of the department?—A. Yes.

Q. Will you read that?—A. (reads):

‘OTTAWA, 14th May, 1906.

‘MR. CAMPBELL,—With reference to return called for by Mr. Reid, of Grenville, respecting C. F. Caldwell and others who made certain applications to purchase coal-mining lands, please note that it will not be necessary to copy applications other than those made by Mr. C. F. Caldwell, or by C. F. Caldwell on behalf of others. (Ref. 103. File 1174. 570). Merely give attention to the first part of the first order.

‘P. G. KEYES,

‘Secretary.

The first part you will observe called merely for the application, and the second part for all correspondence or other papers in connection with the permission to purchase coal-mining lands,—A. Well, as I understood this memorandum the instructions were that only the papers connected with the Caldwell application in any way were to be sent down.

Q. That is what you understood this memorandum to mean in effect?—A. I understood this memorandum here to mean that.

Q. I think you are right there, but I read to you the Order of the House and you seemed to think it called for everything.—A. The Order of the House called for all papers in regard to applications for coal-mining lands whether from Caldwell or not.

Q. Yes, and all correspondence?—A. Yes.

Q. But with regard to this memorandum from the secretary, you were not to pay any attention to the second part of the order, referring to the correspondence, what reason is given to you for that particular instruction as to not carrying out the Order of the House?—A. The reason was that when this order came to us I explained to the secretary, or the deputy minister, I do not remember which, that in order to copy all the papers relating to coal applications we would have to copy a very large number of papers, because they run back for a long time, and it would have amounted, we estimated, to the copying of 100,000 pages. I suggested to them it would take a very long time to copy these papers and that the most of them would be absolutely of no use.

Q. That is, you would confine it to the Caldwell business?—A. I did not suggest anything of that kind, but merely called attention to the fact that it meant a very large return.

Q. If it went into everybody's business?—A. If it went into all the applications.

Q. What I am asking is why didn't you produce all the Caldwell correspondence? A. I told you I thought it had all been produced, I do not know why.

Q. As a fact, all the correspondence was not produced, of course you know that?—A. Well, the papers on this file were not, apparently.

Q. The minister said in the House when Dr. Reid first inquired about this matter that he would make inquiry, did he make inquiry of you?—A. Yes, he spoke to me about it one day in his office.

Q. What did he ask you?—A. He asked me in a general way about the applications, the number of applications, or something of that kind. I do not remember the exact details.

Q. Did he ask you about this article in the *Journal*?—A. Yes, he spoke of that.

Q. And about these applications being made by bell-boys and others?—A. Yes.

Q. And did he tell you to ascertain from Mr. Caldwell whether there was any truth in that?—A. No.

Q. Mr. Caldwell was about Ottawa at that time, wasn't he?—A. Well, I don't think that he was. The last that I saw of him at that time was on the 31st of March, on the Saturday, and this matter came up the next week.

Q. Yes, it was in April, you do not recollect his being there at that time?—A. No, I think not.

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Q. Did you make any inquiry of Mr. Caldwell about that?—A. No, I did not see him after the 31st of March.

Q. Did you make any inquiry of anybody as to whether these 235 applications were really Caldwell's or were made by these bell-boys?—A. No.

Q. You did not make any inquiry?—A. No.

Q. You know the rules of the department prohibit any man getting more than one application for coal lands?—A. Yes, that no man could get more than 320 acres.

Q. And how many acres are covered by these 235 applications?—A. It would be 235 times 320.

Q. That is 75,000 acres. Did it occur to you that seeing all these papers, and seeing the item in the *Journal*, that this was an attempt to evade that rule?—A. Well, I do not know that I would say it was an attempt to evade the rule, because he was complying with the requirements of the rule so far as putting in separate applications in separate names.

Q. Yes, but supposing one man put in a dozen names, and you knew that those names were all fictitious and that they were not really applicants, that they were all his own, do you think that is complying with the order in council, if you allowed him to pass the whole twelve?—A. Well, if I knew the names were fictitious, but I did not know there were any fictitious names here.

Q. Well, but supposing you knew they were real people, but not real applicants, would you think it was consistent with your duty to the department to allow a man to get 235 of these applications made, if the law was that one man could only get 320 acres?—A. Well, of course, the law provides that a man can get 320 acres, but does not provide who he should be at all. I do not think I could take the power to myself to refuse a man's application because one agent happened to send in a large number.

Q. You think then, that although the law was that no man should get more than 320 acres, that if a man went and got the papers signed by 235 people, and put them on separate papers, he could lawfully, within the spirit of that rule get 75,000 acres? Is that what I understand?—A. Well, each man who signs such application, or on whose behalf such application was sent in, would have the right under the regulation to get that 320 acres. I could not follow it further than that.

Q. You think, although you knew that these applications were a mere pretence you admit you knew that Caldwell was behind the whole lot, that you would be justified, under the order in council in dealing with him for the whole 235 applications when they were not genuine?—A. I do not know that I can say whose it was, that I knew it was a mere pretence. I did not know that, as far as I knew, except the interview that appeared in the newspaper and in regard to which the minister spoke to me, but what the applications were all by genuine applicants.

Q. Mr. Caldwell signed every one of them. The men didn't sign anything. As a matter of fact you knew that not one of these applications was signed by anybody but Mr. Caldwell, and you saw in the newspaper that the names of a lot of bell-boys were being used, to put in the body of the applications; and these people that are mentioned here, whose names were put in, they did not sign it, Mr. Caldwell signed all these applications, and you saw that item in the newspaper; you knew that the point was raised in parliament, and you didn't think that should raise any suspicion in your mind that these were not genuine?—A. I did not say that, but I—

Q. Did that raise any suspicion in your mind?—A. It depends upon what you mean by the word 'genuine,' there was no suspicion—

Q. Was there any suspicion in your mind that they were not *bona fide* applications by these 235 people?—A. Well, so far as that was concerned they were *bona fide* applications in one sense.

Q. Were they?—A. And in another sense they might not have been.

Q. Did it raise any suspicion in your mind that they were not?—A. It depends upon what you mean by '*bona fide*.'

Q. You know the meaning of the English language. You know whether there



was suspicion in your mind whether they were honest and *bona fide*, and in fact whether there was any application by any one of these people. Did not the circumstances, and the discussion in the House about it raise in your mind a suspicion about the *bona fides* of this business?—A. If you mean that it brought me to the opinion that Caldwell had been the active agent in getting the applications before the department, that he was the man who moved in the matter, and that the others were not moving on their own motion at all, of course it did, certainly.

Q. It did arouse that in your mind?—A. Certainly.

Q. That Mr. Caldwell was the real man after all, that the names of the others were only used?—A. Yes.

Q. You did think that?—A. Yes.

Q. Well now, didn't you tell the minister that?—A. Yes.

Q. You did? Now, Mr. Rowatt, at page 14 of the evidence as printed, used some words that I do not quite understand and perhaps you can explain it. I asked the question, 'Are there any other papers on that file,' that is the one you have there, 'that have not been copied in that return.' His answer was this, 'Up to the date of the return you will notice there had only been one document on each file,' what does that expression refer to. I think I understand that, but what do you understand by that?—A. He must have been referring to separate applications.

Q. To the separate applications, you open a file for each application, apart from the general correspondence,—A. Yes.

Q. That is what he refers to there?—A. Yes.

Q. He goes on, then, to say, 'The applications had only been received, and there was only one document on each file at that time.' That refers also to the individual file?—A. Yes, it must.

Q. That does not refer at all to the general file?—A. No, it must have been referring to the individual file.

Q. He goes on to say, 'These others have all been put on since the return was asked for.' That does not refer to the general file, does it?—A. Well, I am not quite clear. I do not know just what he was speaking about there.

Q. I think it must have been taken down incorrectly. Doesn't he mean there that subsequent letters on the individual files were put on later, that is the notices to the people that they had sixty days' time and so forth?—A. I think so.

Q. There is no doubt that these letters that have been referred to to-day on the general file were there before the order to produce was made,—A. Yes, all that have been referred to specially here.

Q. They are all there?—A. Yes.

Q. Have you anything there to show when the papers were actually sent to the House under the order. It was after the 14th, they are dated here the 4th of June, 1906?—A. I suppose it would be about that time.

Q. You see the secretary's memo, about the actual copying of certain papers is dated 14th May, 1906. I suppose the copying was completed by the 4th of June. Now these letters you have been referring to were before that date?—A. Oh, yes.

*By Mr. McCraney:*

Q. Mr. Campbell, Mr. Barker asked you if your suspicions had been aroused by the manner in which 235 applications came into the office. What was your answer to that?—A. My answer was that I came to the conclusion that the applications were probably initiated by Mr. Caldwell.

Q. Yes?—A. That is all the particular suspicion I had in regard to the matter.

Q. As a public officer in the department do you act on your suspicions and discriminate as between applicants,—A. I would not have any power to do it.

Mr. REM (Grenville).—What do you mean by that Mr. McCraney.

Mr. McCRAVEY.—I mean what I say—as a public officer when applications come in to him, does he act on his suspicions and discriminate between applicants?



## APPENDIX No. 1

Mr. REID (Grenville).—When he knows absolutely, when it is drawn to his attention, do you mean?

Mr. McCRAVEY.—No, I am talking about suspicions, not about actual knowledge.

Mr. BARKER.—I asked him if he had suspicions because I wanted to know if he afterwards asked Mr. Caldwell anything about it.

*By Mr. McCrauey:*

Q. What is your answer to that, Mr. Campbell? (Answer read by stenographer, 'I would not have any power to do it.')

Q. So far as these applications came in to you they were correct in form, and you acted on them in that way?—A. Yes.

Q. As you would do with all applications that came in, in the proper form?—A. Yes.

Q. It is customary in the Department of the Interior for one person to act as agent on behalf of other parties, and to conduct correspondence with the department acting as such agent,—A. It occurs quite frequently.

Q. It is of frequent occurrence?—A. Yes, of quite common occurrence.

Q. Where applications come in to you by an agent on behalf of other parties, for the time being until there is an assignment, they appear as the absolute holders of whatever rights are given?—A. Do you mean the applicants?

Q. The applicants?—A. Yes.

Q. And until you have an assignment of the applicants' rights, the applicant is the only holder?—A. Yes.

*By Mr. Carvell:*

Q. Does the applicant have the right to assign at any time?—A. Yes, he can assign at any time.

Q. And if a dozen men, *bona fide*, obtain licences independent of each other is there anything under your regulations to prevent their selling to some one of the dozen?—A. No.

Q. Even if 235 men apply for licences and receive them, there is nothing to prevent 234 of them assigning to some one of that number?—A. No, sir.

*By Mr. McCrauey:*

Q. The limitation of 320 acres is to the applications?—A. Yes.

Q. It is not to the holding?—A. No, not to the holding afterwards.

*By Mr. Carvell:*

Q. A man may buy as many as he can get the money to buy with from those who have obtained them?—A. The regulation provides that no sale for more than 320 acres shall be made to any one man.

Q. That is by the department?—A. Yes.

Q. But after the licences have been given is there anything to prevent any one man buying or holding more than 320 acres?—A. No, we do not consider we can regulate it any further than that.

Mr. BARKER.—I want that list of 235 applications dated the 25th March, and also the correspondence from the 20th March to the 31st, to which reference has been made, put in as an appendix to the evidence.

Witness discharged.

Committee adjourned.



APPENDIX

OTTAWA, March 30, 1906.

The SECRETARY of the  
Department of the Interior.

DEAR SIR,—Inclosed please find fifty-five dollars in payment of the following described coal applications in behalf of the applicants.

O. D. Suret...	west half section 33,	township 10,	range 3	west of fifth meridian
Mrs. Alice Sweet...	west half	27,	11,	3
Maggie Summers...	west half	4,	11,	3
W. D. Summers...	north half	25,	10,	3
C. C. Poynty...	north half	31,	10,	2
Katie Poynty...	north half	11,	11,	3
James A. Poynty...	south half	11,	11,	3
Mollie Chilton...	south half	34,	10,	3
Frank Chilton...	north half	34,	10,	3
Mrs. M. Wood...	east half	24,	10,	3
A. J. Wood...	west half	23,	10,	3

Yours truly,  
(Sgd.) C. F. CALDWELL,  
*Agent.*

KASLO, B.C., March 26, 1906.

The SECRETARY of the  
Department of the Interior.

DEAR SIR,—Inclosed please find 14 applications for coal with \$70 inclosed in payment of said applications.

E. B. Kennady...	west half section 14,	township 8,	range 3
J. G. Excell...	east half	15,	8, 3
Mrs. A. F. McBean...	north half	11,	8, 3
S. R. Catton...	south half	11,	8, 3
Dan. Graney...	north half	10,	8, 3
George H. Rogers...	south half	10,	8, 3
F. A. Webber...	east half	3,	8, 3
S. P. Donnley...	north half	2,	8, 3
Smith Ely...	south half	2,	8, 3
William Newman...	north half	35,	7, 3
Albert Allen...	south half	35,	7, 3
M. H. Allen...	east half	25,	7, 3
G. W. Dean...	northeast quarter	24,	7, 3
G. W. Dean...	northeast quarter	26,	9, 3
T. R. French...	south half	31,	10, 2

Yours respectfully,  
(Sgd.) C. F. CALDWELL.



7-8 EDWARD VII., A. 1908

SECRETARY,

KALSO, B.C., March 27, 1906.

Department Interior, Ottawa.

DEAR SIR.—Inclosed please find 50 applications, also registering fees \$250.

1. John Howe. . . . .	south half section 7, township 11, range 5
2. C. F. Caldwell. . . . .	north half 7, 11, 5
3. Lizzie Howe. . . . .	north half 9, 11, 5
4. Edward Pressland. . . . .	south half 9, 11, 5
5. Lillie Price. . . . .	north half 6, 11, 5
6. William Price. . . . .	south half 6, 11, 5
7. Arthur Nichleson. . . . .	north half 5, 11, 5
8. Mrs. S. C. Caldwell. . . . .	south half 5, 11, 5
9. J. W. Caldwell. . . . .	north half 4, 11, 5
10. Charles Schetleth. . . . .	south half 4, 11, 5
11. Peter Racine. . . . .	south half 3, 11, 5
12. Charles Card. . . . .	north half 31, 10, 5
13. George Card. . . . .	south half 31, 10, 5
14. Emma Card. . . . .	north half 32, 10, 5
15. W. L. Blossom. . . . .	south half 32, 10, 5
16. Gus Kuster. . . . .	north half 30, 10, 5
17. Alex. Erickson. . . . .	north half 29, 10, 5
18. J. W. Green. . . . .	south half 29, 10, 5
19. S. J. Green. . . . .	north half 19, 10, 5
20. A. T. Garland. . . . .	south half 19, 10, 5
21. Charles Garland. . . . .	north half 20, 10, 5
22. Peter Cologon. . . . .	south half 20, 10, 5
23. Samuel Hunter. . . . .	north half 21, 10, 5
24. George Stott. . . . .	south half 21, 10, 5
25. E. E. Chipman. . . . .	north half 18, 10, 5
26. Robert Stinson. . . . .	south half 18, 10, 5
27. O. T. Stone. . . . .	north half 17, 10, 5
28. A. Lucas. . . . .	south half 17, 10, 5
29. John Clark. . . . .	north half 14, 10, 5
30. John McKenzie. . . . .	south half 34, 10, 5
31. Robert Elliott. . . . .	north half 27, 10, 5
32. D. P. Kane. . . . .	south half 27, 10, 5
33. Harry Douglas. . . . .	north half 19, 5, 4
34. Mrs. Flora Green. . . . .	south half 19, 5, 4
35. W. J. Gardner. . . . .	north half 24, 5, 5
36. Fred. Hume. . . . .	south half 24, 5, 5
37. Joe. Turner. . . . .	north half 25, 5, 5
38. Minnie Turner. . . . .	south half 25, 5, 5
39. Clinton Sweet. . . . .	north half 23, 5, 5
40. Emma Sweet. . . . .	south half 23, 5, 5
41. Ada Vermillyea. . . . .	north half 13, 5, 5
42. Walter Vermillyea. . . . .	south half 13, 5, 5
43. Kenneth Sweet. . . . .	north half 18, 5, 4
44. Mike Murphy. . . . .	south half 18, 5, 4
45. S. C. McKinney. . . . .	north half 17, 5, 4
46. Samuel McKinney. . . . .	south half 17, 5, 4
47. Katharine McKinney. . . . .	north half 7, 5, 4
48. Berneta West. . . . .	south half 7, 5, 4
49. J. K. West. . . . .	north half 16, 5, 4
50. C. F. Lucas. . . . .	south half 16, 5, 4
177. Alice Grace Caldwell. . . . .	south half 30, 10, 5

Yours respectfully,  
(Sgd.) C. F. CALDWELL, Agent.

## APPENDIX No. 1

KASLO, B.C., March 30, 1906.

Secretary Department Interior,  
Ottawa, Ont.

DEAR SIR,—Inclosed please find applications for coal as per list with money in payment for fees.

Lot No. 1 includes 89 18 99—11..... \$575

Lot No. 2 includes 100 18 113—14

Lot No. 3 includes 114 18 163—50

*Sent in a few days ago.—*

Lot No. 4, in to-days inclosed.

Lot No. 5, 118 18 @ 5..... 440

164 to 201—28 @ 5..... 140

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580

177 omitted..... 5

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575

Yours truly,

(Sgd.) C. F. CALDWELL,

*Agent.*

KASLO, B.C., March 28, 1906.

To Secretary,  
Department of the Interior,  
Ottawa.

1. Eunestine Cluste..	..south half	section29,	township 11,	range 3
2. Maathilon Punko..	..north half	29,	11,	3
3. Mary Scanlan..	..south half	32,	11,	3
4. Miles Dury..	..north half	32,	11,	3
5. J. Lemieux..	..south half	5,	12,	3
6. F. W. Paquette..	..north half	5,	12,	3
7. Joseph Laurin..	..south half	6,	11,	2
8. A. Keith..	..north half	6,	11,	2
9. H. E. Bourden..	..north half	7,	11,	2
10. John Peltz..	..south half	7,	11,	2
11. J. E. Robinson..	..north half	18,	11,	2
12. George Quinn..	..south half	18,	11,	2
13. Frank Bouchard..	..north half	17,	11,	2
14. Oscar St. Armour..	..south half	17,	11,	2
15. Victor St. Armour..	..south half	19,	11,	2
16. Valmar Menard..	..north half	19,	11,	2
17. Edward J. Brooks..	..south half	30,	11,	2
18. Frank Glover..	..north half	30,	11,	3
19. Andrew St. Armour..	..south half	29,	11,	2
20. Gilbert Dazie..	..north half	29,	11,	2
21. Alyra Pillier..	..south half	28,	11,	2
22. Ethel McKinnon..	..north half	28,	11,	2
23. Annie Sernand..	..south half	32,	11,	2
24. Napoleon Arial..	..north half	32,	11,	2
25. Katie Barry..	..south half	33,	11,	2
26. Mary Barry..	..north half	33,	11,	2
27. A. D. St. Armour..	..south half	20,	11,	2
28. John Bernhart..	..north half	20,	11,	2

29. Edward Leary.. . . .	south half section 5, township 12, range 2		
30. Peter Schmidt . . . .	north half	5,	12, 2
31. Miss Mary Kessidy . .	south half	4,	12, 2
32. Emma Thompson....	north half	4,	12, 2
33. Mag. O'Brien . . . . .	south half	34,	11, 2
34. Emil O. Wise . . . . .	north half	34,	11, 2
35. Maggie Powers . . . .	south half	22,	11, 3
36. Mary Kelly . . . . .	north half	22,	11, 2
37. J. H. Goyette . . . . .	south half	23,	11, 2
38. Polidore . . . . .	north half	23,	11, 3
39. Fred Morgan . . . . .	south half	27,	11, 3
40. William Barnett . . . .	north half	27,	11, 3
41. William Potter.. . . .	south half	34,	11, 3
42. George Egan.. . . .	north half	34,	11, 3
43. John Henry Reid.. . .	south half	35,	11, 3
44. William Miller.. . . .	north half	35,	11, 3
45. Senen F. Jackson....	south half	2,	12, 3
46. R. Wm. Stethson.. . .	north half	2,	12, 3
47. Ellen Holman.. . . .	south half	33,	11, 3
48. Lizzie Church.. . . .	north half	33,	11, 3
49. Fred. Holman.. . . .	south half	25,	10, 3
50. John Hudson.. . . .	north half	15,	10, 3
51. Thomas Holman.. . . .	south half	15,	10, 3
52. Joseph Hudson.. . . .	north half	14,	10, 3
53. Kate Hudson.. . . .	south half	14,	10, 3
54. Lottie McNaw.. . . .	north half	10,	10, 3
55. Fred. Church.. . . .	south half	10,	10, 3
56. Annie Gibbons.. . . .	north half	11,	10, 3
57. C. Hudson.. . . .	south half	11,	10, 3
58. William Buchanan....	north half	2,	10, 3
59. Rebbecca Buchanan..	south half	2,	10, 3
60. Charles Hudson.. . . .	north half	3,	10, 3
61. William Hill.. . . .	south half	3,	10, 3
62. V. E. Wright.. . . .	east half	19,	10, 3
63. Christiana Ellsworth..	east half	4,	10, 3
64. Thomas Cole.. . . .	east half	33,	9, 3
65. Eliza Cole.. . . .	east half	28,	9, 3
66. Addie Hudson.. . . .	north half	34,	9, 3
67. Matilda Pressland.. .	south half	34,	9, 3
68. George G. Miller.. . .	north half	35,	9, 3
69. Thos. Preston Bennett,	south half	<b>35,</b>	<b>9, 3</b>
70. George F. F. Lawrence,	north half	27,	9, 3
71. Thomas Graham Bell..	south half	23,	8, 3
72. P. Cassidy.. . . .	north half	23,	8, 3
73. Kate Ambrose.. . . .	east half	21,	8, 3
74. M. O'Brien.. . . .	east half	28,	8, 3
75. William J. Roy.. . . .	east half	33,	8, 3
76. Ernest Ginn.. . . .	east half	4,	9, 3
77. Walter James Hager,	south half	11,	9, 3
78. Oscar Bozart.. . . .	north half	11,	9, 3
79. Annie Hagan.. . . .	south half	10,	9, 3
80. Frederick Henry Hill,	north half	10,	9, 3
81. George Henry Pale.. .	east half	9,	9, 3
82. Frederick Hammond..	south half	22,	9, 3
83. William Garnham.. .	north half	22,	9, 3
84. Marles Choenhew.. . .	east half	21,	9, 3



## APPENDIX No. 1

85. Hy. King.. . . .	east half section 23, township 10, range 3		
86. Ernest Iggleson.. . . .	south half	27,	9, 3
87. John Hudson.. . . .	north half	22,	10, 3
88. Thomas L. Gordon.. . . .	south half	22,	10, 3
89. Frank Chilton .. . . .	north half	34,	10, 3
90. Mrs. Maggie Wood.. . . .	east half	24,	10, 3
91. A. J. Wood.. . . .	west half	23,	10, 3
92. Mrs. Mollie Chilton.. . . .	south half	34,	10, 3
93. Jas. A. Paynty .. . . .	south half	11,	11, 3
94. Mrs. K. Paynty .. . . .	west half	11,	11, 3
95. C. C. Paynty.. . . .	north half	31,	10, 2
96. W. D. Summers.. . . .	north half	25,	10, 3
97. Mrs. Maggie Summers, east half		4,	11, 3
98. O. D. Sweet.. . . .	east half	33,	10, 10
99. Mrs. Alice Sweet.. . . .	east half	27,	10, 3
100. E. B. Kennedy.. . . .	east half	14,	8, 3
	Zion City.		
101. J. G. Excell.. . . .	east half	15,	8, 3
	Zion City.		
102. Mrs. A. F. McBean.. . . .	north half	11,	8, 3
	Spokane.		
103. S. R. Catton.. . . .	south half	11,	8,
	Spokane.		
104. Dave Craney.. . . .	north half	10,	8,
105. George H. Rodgers.. . . .	south half	10,	8,
106. F. A. Webber.. . . .	south half	3,	8,
107. S. P. Donnley.. . . .	north half	2,	8,
108. Smith Ely.. . . .	south half	2,	8,
109. William Norman.. . . .	north half	35,	7,
110. Albert Allen.. . . .	south half	35,	7,
111. M. A. Allan.. . . .	east half	25,	7,
112. G. W. Dean.. . . .	northeast quarter	24,	7,
	G. W. Dean.. . . .	northeast quarter	26,
			9,
113. T. R. French.. . . .	south half	31,	10, 2
114. C. F. Caldwell.. . . .	north half	7,	11, 5
115. John Howe.. . . .	south half	7,	11, 5
116. Lizzie Howe.. . . .	north half	9,	11, 5
117. Edward Pressland.. . . .	south half	9,	11, 5
118. Lillie Price.. . . .	north half	6,	11, 5
119. William Price.. . . .	south half	6,	11, 5
120. Arthur Nicholson.. . . .	north half	5,	11, 5
121. Mrs. S. C. Caldwell.. . . .	south half	5,	11, 5
122. J. W. Caldwell.. . . .	north half	4,	11, 5
123. Charles Schetleth.. . . .	south half	4,	11, 5
124. Peter Racine.. . . .	south half	3,	11, 5
125. Charles Card.. . . .	south half	31,	10, 5
126. George Card.. . . .	south half	31,	10, 5
127. Emma Card.. . . .	north half	32,	10, 5
128. W. L. Blossom.. . . .	south half	32,	10, 5
129. Gus. Kuster.. . . .	north half	30,	10, 5
130. Alex. Erichson.. . . .	north half	29,	10, 5
131. J. W. Green.. . . .	south half	29,	10, 5
132. S. J. Green.. . . .	north half	19,	10, 5
133. A. T. Garland.. . . .	south half	19,	10, 5
134. Charles Garland.. . . .	north half	20,	10, 5
135. Peter Cologone.. . . .	south half	20,	10, 5

136. Samuel Hunter.. . . .	north half section 21, township 10, range 5
137. George Stott.. . . .	21, 10, 5
138. E. E. Chipman.. . . .	18, 10, 5
139. Robert Stinson.. . . .	18, 10, 5
140. O. T. Stone.. . . .	17, 10, 5
141. A. Lucas.. . . .	17, 10, 5
142. John Clark.. . . .	34, 10, 5
143. John McKenzie.. . . .	34, 10, 5
144. Robert Elliott.. . . .	27, 10, 5
145. Dave P. Kane.. . . .	27, 10, 5
146. Harry Douglas.. . . .	19, 5, 4
147. Mrs. F. Green.. . . .	24, 5, 5
148. W. J. Gardner.. . . .	24, 5, 5
149. Fred. Hume.. . . .	24, 5, 5
150. Joe Turner.. . . .	25, 5, 5
151. Minnie Turner.. . . .	25, 5, 5
152. Clinton Sweet.. . . .	23, 5, 5
153. Emma Sweet.. . . .	23, 5, 5
154. Ada Vermippyea.. . . .	13, 5, 5
155. Walter Vermippyea.. . . .	13, 5, 5
156. Kenneth Sweet.. . . .	18, 5, 4
157. Mike Murphy.. . . .	18, 5, 4
158. S. C. McKinney.. . . .	17, 5, 4
159. Samuel McKinney.. . . .	17, 5, 4
160. Katherine McKinney.. . . .	7, 5, 4
161. Berneta West.. . . .	7, 5, 4
162. J. K. West.. . . .	8, 5, 4
163. C. F. Lucas.. . . .	8, 5, 4
164. Clarence Long.. . . .	4, 12, 3
165. Geo. Powell.. . . .	4, 12, 3
166. J. H. Vernon.. . . .	10, 12, 3
167. G. O. Wise.. . . .	11, 12, 3
168. W. Burton.. . . .	11, 12, 3
169. L. Brady.. . . .	14, 12, 3
170. W. Hughes.. . . .	14, 12, 3
171. A. McLellan.. . . .	3, 12, 3
172. J. Cardiff.. . . .	3, 12, 3
173. Jack Schenk.. . . .	10, 12, 3
174. W. White.. . . .	9, 12, 3
175. O. McB. Duncan.. . . .	9, 12, 3
176. C. MacIvor.. . . .	17, 12, 3
177. S. Bradley.. . . .	15, 12, 3
179. W. Peleskin.. . . .	15, 12, 3
180. L. Roy.. . . .	16, 12, 3
181. Joseph Labelle.. . . .	16, 12, 3
182. F. Rose.. . . .	21, 12, 3
183. A. Blais.. . . .	22, 12, 3
184. G. Leadbetter.. . . .	21, 12, 3
185. George Bower.. . . .	22, 12, 3
186. J. Peace.. . . .	27, 12, 3
187. A. Perron.. . . .	27, 12, 3
188. J. E. Barrett.. . . .	28, 12, 3
189. Matthew Osley.. . . .	34, 12, 3
190. R. Fox.. . . .	34, 12, 3
191. E. Lee.. . . .	28, 12, 3
192. G. Brown.. . . .	33, 12, 3

## APPENDIX No. 1

193. M. Beaudet.. . . .	south half section 33,	township 12,	range 3
194. E. Beauchamp.. . . .	north half	3,	13, 3
195. R. Faussett.. . . .	south half	3,	13, 3
196. Michael Cassidy .. .	south half	4,	13, 3
197. S. P. McClenan.. . .	north half	4,	13, 3
198. Isd. Repentyz ....	south half	5,	12, 3
199. St. Levery.. . . .	south half	10,	13, 3
200. Pat. Mamoney.. . . .	north half	1,	12, 3
201. A. Laplant.... .	south half	1,	12, 3
202. Joseph Dairy.. . . .	north half	4,	13, 5
203. B. Quinn.. . . .	south half	4,	13, 5
204. Samuel Samson.. . .	south half	9,	13, 5
205. Annie Holbrand .. .	north half	9,	13, 5
206. Arthur Cox ....	south half	16,	13, 5
207. William Rushton ..	north half	16,	13, 5
208. William J. Maumes..	south half	17,	13, 5
209. Alfred Wm. Young..	north half	17,	13, 5
210. E. J. MacGill.. . . .	south half	21,	13, 5
211. P. J. McClymont.. .	north half	21,	13, 5
212. Edward Stupp.. . . .	south half	20,	13, 5
213. A. Plante.... .	north half	20,	13, 5
214. H. A. Johnson.. . . .	south half	19,	13, 5
215. Felix Larose.. . . .	north half	19,	13, 5
216. A. J. Wyatt.. . . .	south half	30,	13, 5
217. Michael Cassidy.. .	north half	30,	13, 5
218. Matthew Oxley.. . .	south half	25,	13, 6
219. Mary Grangne....	north half	25,	13, 6
220. Edith Ash.. . . .	south half	36,	13, 6
221. James H. Looly....	north half	36,	13, 6
222. James R. Delatoile ..	south half	35,	13, 6
223. H. S. Keaough.. . .	north half	35,	13, 6
224. W. Mitchell.. . . .	south half	27,	13, 4
225. John Gustavson.. . .	north half	27,	13, 4
226. John Duncan.. . . .	south half	34,	13, 4
227. Mr. McGrath.. . . .	north half	34,	13, 4
228. John S. Drysdale ..	south half	3,	14, 4
229. John Stuart.. . . .	north half	3,	14, 4
230. M. Joseph Cafmon ..	south half	9,	14, 4
231. Arthur Livingstone..	north half	9,	14, 4
232. Joseph Belairs .. .	south half	10,	14, 4
233. P. Barbeau.. . . .	north half	10,	14, 4
234. Felix Abbert.. . . .	south half	16,	14, 4
235. Delphine Belaire ..	north half	16,	14, 4
236. W. H. Green.. . . .	south half	21,	14, 4

Respectfully,

(Sgd.) C. F. CALDWELL, *Agent.*





REPORTS  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
PART II.  
SESSION. 1907-8

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1909





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# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO

### A PAYMENT OF \$74,362 TO L. S. MACOUN

*PRINTED BY ORDER OF PARLIAMENT*



OTTWAA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY.

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

OTTAWA, THURSDAY, JUNE 4, 1908.

The committee met at eleven o'clock, Mr. Duncan Finlayson presiding, and proceeded to the consideration of a payment of \$74,362 to L. S. Macoun, in connection with the sale of goods (copper, &c.) by him, as set out at Q—98, Report of the Auditor General for the fiscal year ended March 31, 1907.

Mr. E. F. JARVIS called, sworn and examined.

*By Mr. Crocket:*

Q. You are secretary of the Militia Council, I believe?—A. Yes, sir.

Q. How long have you held that position?—A. Since September, 1904.

Q. Is that since the organization of the council?—A. Since the organization of the council.

Q. Have you brought the files of the department with you in reference to the supply of some automatic labour-saving machinery to the department by Mr. L. S. Macoun, and also with reference to the supplying of a large quantity of copper?—A. I have brought the papers, yes.

Q. Would you turn to the letter, taking up first the matter of automatic labour-saving machinery for the Dominion arsenal at Quebec—of April 8, 1905, from Colonel Gaudet, the superintendent of the arsenal, I think, to yourself?—A. Yes, sir.

Q. Will you read that letter please?—A. (reads):

‘From the Superintendent Dominion Arsenal to the Secretary Militia Council:—

‘QUEBEC, April 8, 1905.

‘*Shells B. L. Shrapnel 12-Pr. 6-Cwt., Plant for Manufacture.*

‘Under the authority of the hon. the minister, dated the 16th ultimo, I proceeded to the works of Messrs. Potter & Johnson Machine Co., Pawtucket, R.I., for the purpose of inspecting automatic machinery offered for manufacture of shells, as per tender of the 22nd February, 1905, attached hereto, amounting to \$6,000. Machinery of this kind is not made in Canada. I have written extensively and visited some of the largest firms in the United States, and find that this is the best machinery obtainable for the purpose.

At Frankford arsenal I saw those machines at work, on Q. F. cases, and the commanding officer informed me that they had ordered a number for shell work, being entirely satisfied with results obtained. I have seen one man operate three machines, but assuming that only two machines are run, it would require two men to run the four machines tendered for, and producing 50 shells per day. The wages would cost \$1.50 per man, or \$3 per day. We are at present employing seven lads to perform equivalent operations, at a cost of \$11.25 per 100 shells (piece-work), and would therefore save \$5.25 per 100, or \$3,150 on total order for \$60,000 shells. The manufacturers are prepared to guarantee that these machines will produce work in time specified in tender and equal in accuracy to our specification. Purchase of these machines is recommended. This firm is not on official list of patronage, but I understand that Mr. L. S. Macoun, Central Chambers, Ottawa (name on list), is in a position to handle this business, and it is suggested that the order be given through his agency.

‘(Sgd.) F. M. GAUDET, *Lieut.-Col.,*  
‘*Superintendent Dominion Arsenal.*’

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Q. The firm referred to there is the firm of Potter & Johnson, Pawtucket, R.I., is it not?—A. Yes, sir.

Q. And Colonel Gaudet points out that that firm is not on the official patronage list?—A. Yes, sir.

Q. But that the business can be had through Mr. L. S. Macoun?—A. Yes.

Q. That is the minister's son-in-law, is it not?—A. I think so.

Q. Colonel Gaudet in that letter refers to having been authorized by the minister, he refers to the authority that he had received from the minister to proceed to Pawtucket, under date March 16—he says the 16th ultimo—have you brought that letter with you?—A. I have made a search for it and I find no such letter, the instructions must have been verbal. I find that Colonel Gaudet evidently wrote to the minister and the minister telegraphed that he would be in Ottawa on Thursday, the 15th March, that would be the time Colonel Gaudet came and got his verbal instructions: there is nothing on record.

Q. The letter of the 5th of April which you have just read states: 'Under the authority of the Hon. the Minister, dated the 16th ultimo'?—A. Yes.

Q. He proceeded to Pawtucket?—A. Yes.

Q. You say now there were no written instructions to Colonel Gaudet?—A. So far as I can find out they were verbal instructions.

Q. The instructions you say must have been verbal?—A. I think so.

Q. Will you turn then to the letter of the 5th of April from Mr. Macoun to Mr. Brown, director of contracts?—A. I have it, sir.

Q. Will you read that?—A. (reads).

H. W. BROWN, Esq.,

'OTTAWA, Canada, April 5, 1905.

Director of Contracts,

Department Militia and Defence.

DEAR SIR,—I have been recently appointed by the Potter & Johnston Machine Company, Pawtucket, R.I., as their agent. They manufacture a large line of automatic labour-saving machine tools, such as chuckling, turning, and shaping machines, and which I feel confident from what I have heard, could be used very advantageously in the Dominion Arsenal.

Trusting in the event of your being in the market for any of the above, that I may be favoured with your valued inquiry.

Believe me,

Yours faithfully,

(Sgd.) L. S. MACOUN.'

Q. That letter from Mr. Macoun to the Director of Contracts of the Militia Department, stating that he had been appointed agent of the firm of Potter & Johnston Machine Company, Pawtucket, R.I., was written three days before the date of Colonel Gaudet's letter reporting his visit to Pawtucket, is not that right?—A. Yes, sir.

Q. Then Mr. Macoun bobs up as agent of the Potter & Johnson Machine Company on the 5th April?—A. Yes, sir.

Q. Do you know when, as a matter of fact, Lieut.-Col. Gaudet proceeded to Pawtucket? His letter is dated 8th April, reporting his visit, but it does not say when he went to Pawtucket?—A. I do not know.

Q. You do not know?—A. No, sir.

Q. And there is nothing on the files to show that?—A. As far as I am aware there is nothing.

Q. I could not find anything on the files that have been produced here. Do you know whether there is anything in the department showing that?—A. I should think not; I think you have all the papers bearing on the subject here.

Q. That letter of his is dated at Quebec after his return from Pawtucket, is it not?—A. Yes.

## APPENDIX No. 1

Q. And in that letter of the 5th Colonel Gaudet himself makes reference to the fact that he knows Mr. Macoun will be in a position to do the business?—A. He states so, yes.

Q. Now, you have an acknowledgment there of Mr. Macoun's letter of the 5th of April, I think it is under the date of the 15th?—A. Yes, sir, there is an acknowledgment?—A. (reads):

OTTAWA, April 15, 1905.

DEAR SIR,—I have your letter of the 5th instant with reference to your appointment as agent for the Potter & Johnston Machine Company of Pawtucket, R.I., and have noted the fact for reference in the event of machinery such as you mention being required for the Dominion Arsenal.

Yours faithfully,

(Sgd.) H. W. BROWN,  
*Director of Contracts.*

Q. Now, on the same day, there is another letter from Mr. Brown, isn't there, to Mr. Macoun?—A. Yes.

Q. Will you read that?—A. An order for the machinery?

Q. Yes, written on the same day as this other letter that you have just read, stating that in the event of any business being done with the house it would be given to him. Will you read the order?—A. (reads):

April 15, 1905.

SIR,—I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. The Potter & Johnston Machine Coy.'s offer of the 22nd February last (copy inclosed) to furnish the undermentioned machinery to this department, the prices to be those stated by that firm and repeated herein, and delivery to be made at the earliest moment possible.

*Machines for use in Manufacture of B. L. 12-pr. 6-cwt. Shrapnel Shells.*

1. One first operation machine running on the shrapnel body, complete with triple geared change speed head, standard spindle, cross slide, 15-in. heavy scroll chuck, oil pump, pan and piping and oiling arrangement through turret, fourteen hundred and twenty-five dollars (\$1,425).

2. One second operation machine running on the shrapnel body, complete with triple geared change speed head standard spindle, cross slide, expansion mechanism, oil pump, pan and piping, fourteen hundred and forty dollars (\$1,440).

3. Special tools for finishing the first operation on shrapnel body, including chuck jaws, boring, turning and cutting off tools, one hundred and ten dollars (\$110).

4. Special tools for finishing second operation on shrapnel body, including forming device for the waved ribs, two hundred and twenty-five dollars (\$225).

5. On first operation machine running on the shrapnel head, including triple geared change speed head, standard spindle, 15-in., scroll chuck, back facing attachment, oil pump, tank and piping, fourteen hundred dollars (\$1,400).

6. One second operation machine running on the shrapnel head, including triple geared change speed head, standard spindle, oil pump pan and piping, twelve hundred and twenty dollars (\$1,220).

First and second operation tools for finishing the shrapnel head complete, including special chuck jaws, back facing cutters, automatic collapsing tap, &c., one hundred and eighty dollars (\$180).

The prices quoted above are for delivery f.o.b. at Pawtucket, R.I.

The machines are to be consigned to 'The Superintendent of the Dominion Arsenal, Quebec, Canada,' to whom should be sent an invoice in triplicate and copy of shipping bill.



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Any further correspondence which may become necessary in connection with the details of the execution of this order will, on the part of the department, be carried by the superintendent of the arsenal.

I am, sir, your obedient servant,

(Sgd.) H. W. BROWN,  
Director of Contracts.

Mr. L. S. MACOUN,  
Central Chambers, Ottawa.

Q. What is the total amount of that order?—A. The total amount is not shown, but it is some \$6,400, I think.

Q. So that an order then was given to Mr. Macoun for this machinery on the 15th of April?—A. Yes, sir.

*By Mr. Maclean (Lunenburg):*

Q. You asked the witness a moment ago a question which I think was not necessary, that Mr. Macoun was a son-in-law of the minister. Perhaps it might have been inferred from the question that he was a son-in-law at that time.

*By Mr. Crocket:*

Q. Mr. Macoun is, you know, a son-in-law of the minister's?—A. He is now, but whether he was then I do not know.

*By Mr. Johnston:*

Q. When was he married to the minister's daughter?—A. I do not know, sir; I was at the wedding, but whether it was two years ago or four years ago, I would not like to say.

*By Mr. Crocket:*

Q. Now, on the 15th of April you have Mr. Macoun's acknowledgment of the order?—A. Yes, sir.

Q. What does he say, it is a short letter?—A. (reads):

H. W. BROWN, Esq.,  
Director of Contracts,  
Dept. Militia and Defence, Ottawa, Ont.

*Re 72-3-12.*

DEAR SIR,—I acknowledge with thanks receipt of your valued letter of the 15th inst., and for the order therein contained for machinery required by the Dominion Arsenal for use in manufacturing shrapnel shells and which I have forwarded to my principals, Messrs. The Potter & Johnston Machine Co., of Pawtucket, R.I., with the request that they make delivery at the earliest possible moment, and to forward with shipment, invoice in triplicate with shipping bill attached.

Assuring you that your instructions will be carefully carried out, believe me,

Yours faithfully,

L. S. MACOUN.

Q. Now, on August 25, I see there is a letter from Colonel Pinault, the late deputy minister, authorizing the purchase of a cutting-off saw from the same firm?—A. That is a letter to the Superintendent of the Dominion Arsenal.

Q. Yes, he authorized the purchase from the firm of The Potter & Johnston Company of a cutting-off saw?—A. Exactly, sir.

Q. Does he name the price there?—A. (reads): The cost not to exceed \$300.

Q. That was subsequently ordered?—A. That would be the authority from here to order it.

## APPENDIX No. 1

Q. Then on August 28, there is a letter from the Assistant Superintendent of the Dominion Arsenal to the firm of The Potter & Johnston Machine Company ordering that?—A. Yes, sir.

Q. You may turn to a letter of December 14, from Mr. Macoun to the Superintendent of the Dominion Arsenal, Colonel Gaudet; would you read that letter, please?—A. (reads):

OTTAWA, CANADA, December 14, 1905.

DEAR COLONEL GAUDET,—Could you let me know if you received the machinery ordered from Messrs. Potter & Johnston during the summer. If so, and if everything has been found satisfactory, and the amount placed to their credit, would you issue instructions to have their cheque remitted through me, if it has not already gone forward.

Q. Then the letter of December 16, from the Superintendent of the Arsenal to Mr. Macoun, replies to his letter of the 14th?—A. Yes, sir.

Q. Will you read that?—A. (reads):

December 16, 1905.

L. S. MACOUN, Esq.,  
Central Chambers,  
Ottawa, Ont.

DEAR SIR,—Replying to your letter, I am advised by Messrs. Potter & Johnston that machinery has been shipped and is now on the way. As this machinery was ordered direct from you by the department, it is proposed to send you cheque in payment, as requested.

Yours very truly,

Q. Then when the cheque was sent, I think you will find that by referring to a letter of February 13, addressed to Messrs. Potter & Johnston Company, Pawtucket, R.I.?—A. (reads):

GENTLEMEN,—I have much pleasure in advising you that Mr. Thomas Hampson has completed setting of automatic machinery to our entire satisfaction, and is leaving here to-day. I am forwarding by this mail a cheque for \$6,300 to Mr. L. S. Macoun, Ottawa, in payment thereof.

Yours very truly,

F. M. GAUDET, *Lieut.-Col.*

Q. And on the same date there is a letter to Macoun inclosing the cheque to him; wil you read that?—A. (reads):

February 13, 1906.

Mr. L. S. MACOUN,  
Central Chambers,  
Ottawa, Ont.

DEAR SIR,—Please find herewith cheque for \$6,300 in payment of machinery manufactured by Messrs. The Potter & Johnston Machine Company, in accordance with Departmental Order No. 72-3-12, of April 15, 1905.

Yours very truly,

(Sgd.) F. M. GAUDET.

Q. Now, would you turn up the account, it is in the file here?—A. I have the account, sir.

Q. This account, I see, is dated Pawtucket, Rhode Island, December 2, 1905, and is on the bill head of the Potter Johnston Company, the printed bill head?—A. Yes, sir.

Q. 'L. S. Macoun' is written in in his own handwriting over 'The Potter Johnston Machine Company,' as agent?—A. I would not say it is in Mr. Macoun's own handwriting.

Q. Well, it is in handwriting?—A. It is in handwriting.

Q. And on that a cheque for \$6,500 was issued to Mr. Macoun?—A. Yes.

Q. Do you know if Mr. Macoun is engaged in the machinery business?—A. I do not know exactly what his business is, I think he is a manufacturer's agent.

Q. Do you know where he has his office?—A. I do not happen to know in what building, it is in the city somewhere.

Q. Is it not in the Central Chambers?—A. It may be, I do not know.

Q. Do you know of any other office he has other than the office in the Central Chambers in Ottawa?—A. I do not know of any, no.

Q. Now, there is a matter of 196½ tons of copper ingots that seem to have been purchased by the department from Mr. Macoun; have you the correspondence there in connection with that subject?—A. I have it.

Q. The amount of his account for the copper is entered at page Q—98 of the Auditor General's Report for the year ending March 31, 1907, at upwards of \$74,000. Were tenders invited for the supply of this copper?—A. Yes, sir.

Q. From whom?—A. There is one from Mr. Macoun, one from Thomas Robertson & Company, one from B. J. Coghlin & Company, and one from L. Vogelstein & Co., New York; there were four in it.

Q. Are you quite sure tenders were invited from Thomas Robertson & Co. for the copper?—A. I see his name here in the schedule.

Q. Yes, but that is for lead there, I think he was not asked to tender for copper?—A. He hasn't got any amount for copper, so probably you are right.

Q. I see, Mr. Jarvis, by an examination of the files, that there was a letter issued to Mr. Macoun, a similar letter to B. J. Coghlin & Co., Montreal, a similar letter to the Orford Copper Company, New York, on the 12th of April, inviting quotations for the supply of 180 tons of copper ingots; these were the only three firms that I can find were invited to tender for the copper?—A. Mr. Macoun, the Orford Copper Company and the Coghlin Company of Montreal.

Q. On the 12th of April?—A. On that date they appear to have been sent out.

Q. I would like to read the letter that was sent to each of these persons or firms. Read the letter that was sent to Mr. Macoun?—A. (reads):

April 12, 1906.

SIR.—I have the honour to request you to inform me if you would undertake to furnish to this department, between now and the 30th June next, the undermentioned metals required at the Dominion arsenal, Quebec, for use in the manufacture of small arm ammunition, viz.:—

100 tons copper ingot suitable for brass strip work (Specification No. 151).

80 tons copper ingot suitable for cupro-nickel work (Specification No. 150).

38 tons spelter 'Berths' (Specification No. 782).

I inclose to you, herewith, a copy of the specifications for each of the metals mentioned above; the supply must be strictly in accordance therewith.

In the event of your being willing to supply these metals you will quote your lowest price therefor, delivered, with all transportation charges paid by you, in bond, at Quebec, as follows: One-fourth of each kind on or before 20th June next, and the balance during the month of July, 1906.

These metals will be tested as soon as possible after delivery, and if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted (say 2nd July or after).

That there may be no misunderstanding regarding the quality, it must be understood that as the copper and spelter are required for a special purpose, they must conform to the specifications, otherwise they will not be accepted, as the department has no other work in which to use them.



## APPENDIX No. 1

If you desire to quote prices, kindly forward your tender in time to reach here on or before 24th instant.

I have the honour to be, sir, your obedient servant,

(Sgd.) E. F. JARVIS,  
*Actg. Deputy Minister of Militia and Defence.*

Q. Now, you say that letter was sent to Mr. Macoun, to B. J. Coughlin & Co., and to the Orford Copper Company of New York?—A. Yes, sir.

Q. Now, I notice there is a memorandum there, signed by yourself, I think, it is close to that correspondence, addressed to the late deputy minister, Colonel Pinault, asking if you would send a similar letter to any other firm; can you find that?—A. It is a memorandum from Mr. McCann, an officer of the department, dated the 12th of April, 1906, to Colonel Pinault, who was ill at the time at his residence. It reads:

‘Do you wish me to send a similar letter to any other firm?’

And the deputy minister replied to it:

‘Yes—you better have this letter signed by Mr. Jarvis, as acting deputy minister.’

Q. Who is McCann?—A. He is an official of the contract branch of the department, but at that time the work connected with the arsenal was largely, or in fact entirely, handled by the deputy minister himself, and Mr. McCann was the clerk, who did that particular work for the deputy minister, and therefore, when Colonel Pinault was ill at his residence, Mr. McCann appears to have gone to him and got instructions.

Q. What about the first instructions as to sending out this letter for tenders; there were three letters on the 12th of April?—A. That would appear to be the same day.

Q. Yes, but there are no instructions on the file to send them out?—A. Well, it was not necessary to get instructions.

Q. You then had verbal instructions?—A. No, there would be no instructions from the deputy minister at all; I was acting deputy minister; it is quite possible Mr. McCann drafted the letters and went to the deputy minister with them.

Q. How did you come to send these letters to these people? Did you have instructions?—A. It wasn't necessary for me to have instructions, I was acting deputy minister.

Q. How did you pick on these firms?—A. If he got the instructions they were brought to me, I suppose, and I signed the letters.

Q. It was on April 12 these letters were sent to these firms, on that same date, Mr. McCann writes to the deputy minister asking if he will send similar letters to other firms?—A. Yes.

Q. I am asking how it was these three were selected? Mr. Macoun, B. J. Coughlin & Co., and the Orford Copper Company?—A. I do not know anything about the selection; they were made in the usual way in the contract branch; when we want any supplies of that kind we see who are able to supply them and send them a letter.

Q. To those on the patronage list—they are taken from the patronage list?—A. Yes, from that list if you like.

Q. Would the Orford Copper Company be on that list?—A. Yes, they may be, I do not know any reason why they shouldn't.

Q. But they are in New York?—A. It is just possible, when the firms in Canada that can supply copper are so limited in number, that there may be firms outside the country on the list.

Q. In regard to the automatic labour-saving machinery for the Arsenal, the firm of Potter & Johnston were not on the list?—A. It seems not.

Q. Then with regard to the Orford Copper Company, was there any communication from them on the files in the department showing that they were not in a position to supply the copper?—A. I do not know, sir.

Q. You might refer then to a letter, I think it is the 23rd of April—no, perhaps

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it is the 16th of April, from that firm in reply to your request for tender? Just read the first or second paragraph there do they not say there that they had informed the department that they were not in a position to tender bids on this material?—A. (reads):

'I explained to you in a letter under date of March 22, 1905, that we are not in a position to tender bids on this material.'

Q. What material does that refer to?—A. (reads):

'We are in receipt of your favour of April 12, asking us to bid on 100 tons of copper suitable for brass strip work; 80 tons of copper ingots suitable for cupro-nickel work and 38 tons of spelter.'

Q. So that the Orford Copper Company, to whom the request for tenders was sent, had notified the department on March 22 previously that they were not in a position to tender?—A. That is April 16.

Q. No, but in the letter of April 16, they referred to the fact that on March 22, 1905, they had notified the department?—A. Yes.

Q. That they were not in a position to supply the copper?—A. Yes.

Q. So that the matter stood as between Coghlin & Company and Mr. Macoun, so far as the request to tender was concerned, isn't that right?—A. Of course it appears that firm was not able to supply the material, but whether that was known to the department or not—

Q. And that they had so notified the department before the request to tender was sent out?—A. That may have been lost sight of in the department.

The CHAIRMAN.—That may have been the year before?—A. It was one year before that.

*By Mr. Crockett:*

Q. Now, I notice on the 14th of April a similar letter was also sent to Messrs. Lewis & Bros., Montreal?—A. Yes.

Q. I suppose that was in consequence of Mr. McCann's request to the deputy minister as to whether he should send out a similar letter to any other firm?—A. I cannot say, I do not know.

Q. But there was a letter sent on April 14, two days after it had been sent to Mr. Macoun, to Coghlin & Co., and to the Orford Copper Company?—A. Yes.

Q. But no tender ever was received from the Lewis firm?—A. There is none scheduled.

Q. Do you know if they are in the copper business?—A. I do not know.

Q. You never knew of the department buying copper from Lewis Bros. & Co., of Montreal?—A. No copper particularly, I cannot recall any instance.

Q. In regard to the Orford Copper Company, I notice by their letter of April 16, in which they say they cannot supply the material, they say:

'We, however, have turned the same over to our friends Messrs. L. Vogelstein & Co., of this city, who we have no doubt, will be pleased to communicate with you upon this subject?'

A. Yes.

Q. Now, what tenders were received for copper?—A. There is one from Mr. Macoun for \$19 per hundred pounds, and one from B. J. Coghlin & Co., and one from Vogelstein & Co.

Q. What are the figures?—A. Mr. Macoun's tender is \$19 for copper per hundred pounds.

Q. What was Coghlin's?—A. That is \$19 also, and Vogelstein & Co., \$18.95.

Q. What tender was accepted?—A. Mr. Macoun's.

Q. That is initialed by the Minister of Militia, 'F.W.B.'?—A. Yes.

Q. Notwithstanding that the Vogelstein Company's tender was \$18.95 and the Coghlin tender was \$19, the same as Macoun's?—A. There is a note here.

Q. I was going to ask you about that, but that is true, is it not, that Mr. Macoun's is the only one initialed by the minister?—A. Yes. May I read the note?

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Q. Yes.—(reads):

‘The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential that it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.’

Q. That refers to the Vogelstein tender; there is no note referring to the Coghlin tender?—A. Not for copper.

Q. But the price was the same as Macoun’s?—A. Yes.

Q. Now, there is a telegram there, I think it is on the next page, from Vogelstein Company I would like you to read. There is a letter from Vogelstein & Co. under the date of 23rd of April, and there is a telegram in regard to their proposal to guarantee?—A. The telegram says (reads):

‘Referring your twelfth, addressed Orford Copper Company offer hundred eighty tons prime electrotic ingot copper guaranteed ninety-nine decimal ninety copper contents not guaranteeing impurities detailed your specification delivered as requested eighteen ninety-five f.o.b. Quebec arrival wire is accepted.

‘L. VOGELSTEIN & CO.’

It is not punctuated, so I do not know whether it will be understood.

Q. What do they say about the guarantee in the letter?—A. I have the letter here of the same date, April 23, 1906 (reads):

‘We wired you that we did not care to guarantee the impurities as contained in your specifications M. & D. No. 150 and No. 151. We do not believe that our copper could contain any excess of such impurities, but we do not think any assayer can be trusted to assay for iron or bismuth correct to .01 per cent, and we cannot afford to take the chance of having the copper rejected.’

Q. That is what the minister alludes to in that note?—A. That is it, I suppose.

Q. And also the fact that they asked for cash on arrival?—A. Yes.

Q. Those are the grounds that he assigns for refusing to accept the tender of \$18.95, which was lower than Mr. Macoun’s?—A. Those are the reasons stated on the schedule, not necessarily by the minister; this schedule is prepared for him and was placed before him with that memorandum in it.

*By Mr. Sinclair:*

Q. Who is the clerk by whom that schedule was prepared?—A. The schedules are prepared by the director of contracts, or perhaps in those days the work was done by Mr. McCann, and it may have been done by him.

*By Mr. Crockett:*

Q. The order was given to Mr. Macoun for 180 tons of copper at \$19 per ton; you have read the specifications already and the terms as to delivery and testing and payment—or perhaps it was not specifications, it was the letter inviting tenders, in which it was distinctly pointed out, was it not, that the copper must be tested before payment?—A. I think so, sir.

Q. Now, will you turn up the letter of the 14th of June there, from Mr. Macoun to the superintendent of the arsenal?—A. I have it, sir.

Q. What does it say there in relation to the shipment of copper? Perhaps you had better read the letter, it is only a short letter?—A. (reads):

OTTAWA, CANADA, June 14, 1906.

*Re 72-11-6.*

DEAR SIR,—I have the honour to inform you that, as per your instructions of April 25, 1906, I have shipped on the 5th inst. from Hancock, L.S. Mich., 72 bbls. of ingot copper as per invoices. This is lake copper, which is, as far as I can ascertain, the only grade which is fully up to your specifications of April 12th, 1906. I trust



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the copper will be tested at the earliest possible date, and a remittance forwarded on June 2nd next. The necessary customs invoices in triplicate, together with bill of lading, are being forwarded to Colonel Gaudet, the superintendent of the Dominion arsenal, Quebec.

I have the honour to be, sir, your obedient servant,

(Sgd.) L. S. MACOUN.

Q. Is that the letter of the 14th of June?—A. Yes, sir, 14th of June, 1906; it is from Mr. Macoun to Colonel Pinault.

Q. Well, I think it is a letter to the superintendent of the arsenal in which that statement is made?—A. There is one on June 16 from Mr. Macoun to the superintendent of the Dominion arsenal.

Q. There is a letter from him stating that he is getting the balance from another firm?—A. Yes, here it is.

Q. That is the one I want?—A. (reads):

OTTAWA, CANADA, June 14, 1906.

Lt.-Col. F. M. GAUDET,  
Superintendent Dominion Arsenal.

*Re File 17.*

DEAR SIR,—Your letter of the 6th inst. would have received a more definite reply had it not been for my absence from town. The copper therein referred to was shipped on the 5th inst. from Hancock, Mich., via steamer to Buffalo, and from thence by rail to Quebec. I think in all probability it went forward by the C.P.R., but the bill of lading now before me does not state. This document along with the necessary customs papers, goes forward to you to-morrow.

I presume the shipment will likely arrive this week, and I would thank you to kindly advise me as to the freight charges at your end, and which I was unable to prepay on the date of shipment. I trust that the copper on arrival will be duly tested, and be found satisfactory. It is fully guaranteed by the Franklin Mining Company, and is similar to that mined by the Calumet & Hecla people, whose mine is a few miles distant, and who are filling the balance of the order next August.

Believe me,

Yours faithfully,

(Sgd.) L. S. MACOUN.

Q. So that he reports there that the copper was shipped on June 5?—A. Yes, sir.

Q. Now, there is a letter there, I haven't got the date of it, but it contains a telegram from the superintendent of the arsenal reporting the arrival of the copper at Quebec on June 23?—A. A letter from whom?

Q. Never mind, this shows it here, I think. I want to find out when it arrived?—A. (reads):

'I certify that this account is correct; that the articles mentioned were delivered at the Dominion Arsenal, Quebec, on June 27, 1906.'

Q. That refers to what? To 72 barrels Franklin ingot copper, 90,000 pounds?—A. Yes.

Q. What is the amount of the account?—A. The total amount is \$17,172.

Q. That was received on June 27?—A. Yes, sir.

Q. You may turn to the letter of August 1, from Colonel Gaudet, I think it is, to yourself or someone in the department?—A. Everything that comes to the department comes addressed to me, it does not necessarily follow that it is for me. I have the letter, sir.

Q. Read it; is it a short letter?—A. No, it is a long one.

Q. Well, I will just see what I want in it. Now, in that letter he reports the arrival on June 27, 1906, of the material: is there anything prior to that date showing

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that the copper had been tested and found satisfactory?—A. I cannot say from memory.

Q. Well, I have examined it pretty carefully, and I can find nothing. I do not think there is anything. Just look over the file, and see if between those dates there is a certificate at all furnished to the department prior to August 1?—A. A certificate? This is a certificate (pointing to voucher).

Q. That is not dated?—A. What is it you want to know, sir?

Q. I want to know whether, prior to August 1, 1906, the department had any certificates to authorize any payment to Mr. Macoun.

Mr. SINCLAIR.—Why do you think that certificate was not prior to the first of August?

Mr. CROCKET.—Because the correspondence shows it was not.

*By Mr. Sinclair:*

Q. He says it has no date?—A. I do not find anything here to show.

*By Mr. Crocket:*

Q. There is nothing there prior to that date, but notwithstanding that a cheque was issued to Mr. Macoun on July 19, was it not, for \$14,000?—A. There were cheques issued; I do not know the amount.

Q. Just look at the file?—A. On July 19, a cheque was issued for \$14,000 to Mr. Macoun on account of copper for Dominion arsenal.

Q. Yes, and on July 14, you had written to Colonel Gaudet asking him to certify for payment?—A. On July 14?

Q. Yes?—A. (reads):

‘Referring to my minute of 22nd ultimo on the above subject; if the copper ingot received from Mr. L. S. Macoun has been found satisfactory, please certify his invoice and return it to headquarters, where payment will be made.’

*By the Chairman:*

Q. What is the date of that?—A. July 14.

*By Mr. Crocket:*

Q. Now, on the same date you have a letter there from Colonel Gaudet stating that the copper was being tested and that payment should be made at that office and not at headquarters?—A. Well, that is a matter—

Q. I am referring to the correspondence, isn't there a letter of that kind there?—A. On August 14.

Q. On July 14, from Colonel Gaudet to the Secretary of the Militia Council?—A. I do not see that letter.

Q. You found your own there requesting his certificate for payment?—A. I found my own to him.

Q. It is just about the same date?—There is one from him on July 16, saying:

‘We will hasten completion of trials, but they are unfortunately long.’

Q. That is the one I want; just read that letter?—A. (reads):

‘Replying to acting deputy minister's letter of 14th inst., copper supplied by Mr. L. S. Macoun is being tested. We will hasten completion of trials, but they are unfortunately long and the amount involved is so large, that it would be imprudent to risk payment without completing tests.

‘For reasons explained in previous correspondence, account should be paid by this office and not at headquarters.’

Q. He wrote that on the 16th of July that there would be great risk in making payments before the tests were completed, and, notwithstanding that, a cheque was issued to Mr. Macoun for \$14,000 of this \$17,000 odd before receiving any certificates as to the quality of the copper, isn't that right?—A. It seems so, yes.

Q. Now, then, that was not the whole order. There was besides that 151½ tons subsequently put in by Mr. Macoun. Before we leave the \$17,000 odd account, you have already referred to a letter from Colonel Gaudet on the 1st of August, it has in the concluding paragraph a protest against payment by headquarters?—A. That is more against the method of payment of accounts at that time, and not this particular account. The communication in that respect was not in reference to this particular payment so much as it was to the general practice; the reference to this account is incidental.

*By Mr. Johnston:*

Q. There is a certificate as to the value and quality of the copper?—A. Yes.

*By Mr. Sinclair:*

Q. What does the certificate say, that the copper is good?—A. It is all satisfactory, yes.

Q. That the quality is right?—A. Yes.

*By Mr. Crocket:*

Q. The department, notwithstanding the letter of the superintendent of the Dominion arsenal, of the 16th of July, saying that on account of the large amount involved there would be great risk in paying this before the tests were completed, in the face of that they issued a cheque.

*By Mr. Johnston:*

Q. But as a matter of fact, there was no risk; the copper was all right?—A. It was all right, and the price of copper had gone up in the meantime, too, so that I think we were well protected.

*By Mr. Crocket:*

Q. One of the reasons that the minister assigned for declining to accept the tender of Vogelstein & Co. was the terms as to payment?—A. Well, we had to pay cash down, and it takes some time to make these tests, and then there was a big sum involved.

Q. But these were the terms insisted upon, that the copper had to be tested first?—A. Yes.

Q. You may turn to a letter of the 3rd of August there from yourself to Colonel Gaudet with reference to the payment of the balance of the account?—A. (reads):

'Referring to your minute of 1st inst. on the above subject: if you have not already forwarded Mr. Macoun a cheque for \$2,592.93, will you be good enough to send it on to me, made out in his name, by return mail; it would be handed him here and acknowledgment will be sent you in due course.'

'A further communication in connection with your minute will be sent you early next week.'

Q. Upon whose instructions, Mr. Jarvis, do you remember, did you write that letter?—A. I did not write it at any person's instruction; I was acting deputy minister, and it was not necessary for me to get anybody's instructions.

Q. How did you come to write on the 3rd of August to the superintendent of the arsenal at Quebec saying that if he had not already issued a cheque, which would seem to be the ordinary course of doing business, to send it to you by return of mail and it would be handed to Mr. Macoun at headquarters? Do you remember how you came to do that?—A. I do not, but I presume that Mr. Macoun was endeavouring to facilitate the payment: he was probably representing to us that he was called upon as agent to pay for the material, and was out of money at the time, and we would probably, like anybody else, endeavour to facilitate payment for him.



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Q. But you have no recollection about the matter?—A. No, I have none.

*By Mr. Johnston :*

Q. What is the 'minute of the 1st inst.' to which reference is made? That will explain it, probably, because he had this minute before him; is that why you wrote?—A. Probably that may be so.

*By Mr. Crocket :*

Q. That disposes, then, of the first shipment of 45 tons. Now, on August 18, 180,000 lbs. of copper were shipped to your address on 11th inst.; will you please—A. I have it here, sir.

Q. What is the purport of that?—A. (reads):

'The contractor for copper ingot has notified the department that three carloads of copper—180,000 lbs.—were shipped to your address on 11th inst.; will you please arrange that this consignment shall be tested at the earliest moment possible after you receive it.

'Mr. Macoun has delivered to the department the railway shipping receipt for the three carloads of copper and a cheque on account for \$33,000 is being issued to-day in his favour.'

Q. So that the department issued a cheque for \$33,000, making a payment on that shipment before it was advised of its arrival in Quebec, not to speak of the testing, is not that a fact?—A. Apparently so.

Q. What is the total amount of the account?—A. \$74,000.

Q. No, not in relation to that; there were three carloads of copper; you have the bill there showing it?—A. The total amount of the copper is \$74,000.

Q. But there were two carloads came subsequently, I think. There is a bill in the Auditor General's Report showing that portion of the shipments, three carloads—yes, that is the shipment, you see, he says it was shipped on August 11. What is the amount of the bill for that shipment?—A. \$22,800.

Q. There must be more than that, for he got a cheque for \$33,000; I figure it out at \$34,200?—A. \$22,800 and \$11,400, making \$34,200.

Q. His bill for copper, which was shipped from Michigan on August 11 and August 16, was \$34,200, and before the department was notified of the arrival of that copper, not to speak of its being tested as required by the contract, a cheque was made to Mr. Macoun for \$33,000, which is \$1,200 short of the whole bill, is not that what the record shows?—A. Yes, sir.

Q. When, as a matter of fact, did that copper arrive at Quebec?

Mr. JOHNSTON.—There is another invoice on August 18 for \$23,256.

Mr. CROCKET.—I was going to deal with that afterwards.

Mr. JOHNSTON.—The whole amount is \$57,456, on which he was paid \$33,000.

Mr. CROCKET.—That did not come into this account; I will deal with that afterwards.

Mr. JOHNSTON.—It did not come in? There is the total, \$57,456.

Mr. CROCKET.—I think Mr. Jarvis, the Secretary of the Militia Council, ought to be able to give the evidence without the assistance of the member for Cape Breton.

Mr. JOHNSTON.—He is giving you the evidence, I am correcting the details.

Q. You appear, sir, to have taken two accounts, whereas there are three accounts here, and the total of those accounts is \$57,456.

*By Mr. Crocket :*

Q. You have a separate account, that you have referred to, showing \$34,200?—A. Yes.

Q. And you, in your letter to Colonel Gaudet, reported to him the shipment of three carloads on August 11?—A. Yes.

Q. And that \$34,200 covers that shipment, does it not?

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The CHAIRMAN.—Do the bills show how much is in each shipment?

Mr. CROCKET.—Yes, there are three separate bills. I understand there are three separate bills.

A. The three bills are here together and against them is that one cheque.

*By Mr. Sinclair:*

Q. Do you think the bills were all owing at the time the cheque was issued.

Mr. CROCKET.—There was nothing owing under the terms of the contract; they are certified on August 25, August 23, and August 20, and the cheques were issued before that.

*By Mr. Crocket:*

Q. Now, you have the certificates there on the Auditor General's file before you, have you not?—A. Yes, sir.

Q. When does it appear by the certificates that the copper arrived at Quebec?—A. It is certified here:

'I certify that this account is correct; that the articles mentioned were delivered at the Dominion Arsenal, Quebec, on August 23, 1906, &c.,' in the one case.

The CHAIRMAN.—Which account is that?—A. \$23,256, and the account for \$11,400, the certificate is for delivery on August 25, and on the account for \$22,500, it is on August 25, also.

*By Mr. Crocket:*

Q. So that that agrees with what was said before, that makes up the \$34,200, you have the two shipments there, and they arrived on August 25, that is the two last certificates you read?—A. Yes, but there are three certificates together, and I do not quite understand why you are separating them, the one you are separating is the prior date, isn't it?

Q. Is not the date on the \$23,256 certificate, the 28th?—A. It may be the 28th.

Q. I take it to be the 28th?—A. Yes, it may have been the 23rd first and then altered to the 28th.

Q. And the others arrived when?—A. On August 25.

Q. And the cheque to Mr. Macoun was issued when?—A. The cheque for what amount?

Q. For \$33,000?—A. August 18.

Q. Now then, you may turn to the letter of August 28; I think that is the last letter on the file?—A. I have it, sir.

Q. Who is that from?—A. From myself as the acting deputy minister of Militia and Defence.

Q. Yes, from yourself as acting deputy minister to the superintendent of the Dominion arsenal, and in that letter you say:

'As intimated to you on 18th instant a cheque for \$33,000 was issued that day on account of the three carloads of copper; to-day another cheque for \$22,500 is being issued on account of the balance due Mr. Macoun.

'As soon as the copper reaches Quebec will you please commence testing it: if satisfactory, will you be good enough, when the tests are completed, to issue a cheque in Mr. Macoun's favour for such balance as may be due him after deducting charges for freight.'

So that, at that time, you had no knowledge of the arrival of the copper at Quebec and you had reported that you had issued one cheque to Mr. Macoun for \$33,000 and another for \$22,500 was being issued that day, and the total account amounted to what?—A. \$57,456.

Q. That seems to have been in contravention of the terms of the contract, was it not, Mr. Jarvis, as to payment?—A. Well, the cheque was not necessary under the contract, but there was a big sum involved—

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Q. Did not the terms of the contract require distinctly that that copper should be tested and certified before payment?—A. Yes.

Q. And not only did the terms of that contract specifically require that, but did not the rules of the department provide that no payment should be made until there was a proper certificate that the goods had been received, that the quantities were right and that the prices were correct? Do not the rules of the department require that?—A. That is the custom, but I think there are times when it is not done.

Q. But in the case of Mr. Macoun practically the whole amount, in relation to the last two shipments, was paid before the copper had arrived at Quebec; notwithstanding that the Vogelstein Company, which was the lower tender, was declined, and that one of the reasons for declining it was that one of their terms was 'cash on arrival'?—A. Yes.

Q. Now, there is just one other, and it is a small matter, but it is in the account here, and I want to take you very rapidly over the correspondence in connection with it. It relates to scales, barrows and trucks. Have you got that file there?—A. I have it.

Q. There was a requisition, was there not, sent to you by the superintendent of the Dominion arsenal for some scales and wheelbarrows on the 17th of January, in the name of L. S. Macoun?—A. I cannot say from memory; can you tell me where I will find the papers?

Q. They are there on the file, but they are well mixed up. Is that it (indicating file)?—A. Under date of January 17, 1906, Colonel Gaudet writes to the secretary, Militia Council (reads):

'It is requested that our requisition of the 12th inst., amounting to \$118.30, in the name of Mr. L. S. Macoun, Ottawa, for scales and wheelbarrows be approved without delay, as these articles are urgently required for use in foundry.'

Q. That letter is dated at Quebec?—A. On the 17th of January, 1906.

Q. On the same day there is a reply to that letter dated at Ottawa from Colonel Pinault, Deputy Minister?—A. Yes, that is—the letter of the 17th January is in reply to the requisition, but in the letter I have just read Colonel Gaudet is calling attention to the requisition sent in on the 12th; on the 17th he writes calling attention to the requisition of the 12th, and on the same day Colonel Pinault replies to the requisition.

Q. That is not important. In that reply does not the deputy minister state that he had obtained lower quotations from Courtney & Brown?—A. (reads):

'I inclose copy of our letter to Messrs. Courtney & Brown and a copy of their answer thereto, wherein they offer the three sets of scales for \$115.50 net.'

Q. Doesn't he say that they had obtained lower quotations from Courtney & Brown?—A. Well, the amount mentioned is lower than the other.

Q. Is it not there; surely I read it when going over the file?—A. It is lower, but he does not say so. (refers to letter.) Yes, he says:

'The accompanying service requisitions are returned; it will be seen that we have succeeded in getting lower quotations for the scales than those given in your requisitions.'

Q. That is dated the 17th January?—A. Yes, sir.

Q. And on the 2nd of February there is a letter from Colonel Gaudet to yourself?—A. Yes.

Q. In which he says that he had not received a letter of the 17th January which you have just read?—A. (reads):

'Replying to the deputy minister's letter of the 31st ultimo, we have not received any communication dated 17th idem, referred to therein. The trucks and steel wheelbarrows required could not be made here nor in Quebec except at exorbitant cost. Please send copy of deputy minister's letter of 17th ultimo; these requisitions were submitted in the name of Mr. L. S. Macoun, agent of the Fairbanks Co., who are on



the list of patronage, because the latter are manufacturers of the best kind of scales, and are now a Canadian firm, known as the Canadian Fairbanks Company. There are no other manufacturers of these articles who are on list of patronage, but they no doubt could be obtained from jobbers, such as Messrs. Lewis Bros. The inconvenience caused by the delay was referred to in my letter of the 29th ultimo; it is desired to get the ready running order as quickly as possible, and we will save expense by losing no time.'

Q. Now, on the 5th of February the deputy minister writes the superintendent again?—A. (reads):

'Referring to your minute of the 2nd inst. on the above subject, enclosed herewith are copies of the correspondence connected with this matter. As intimated with the last paragraph of my minute of 17th ultimo authority will not be given to purchase coal barrows and trucks in the United States; if you cannot make up in your workshop articles that might be adapted for the purpose for which the trucks and barrows are required, please send me, on loan, the catalogue from which the patterns were selected, and I will endeavour to get them made here.'

Q. Now, on February 9 you will find another letter of Colonel Pinault to the superintendent of the Dominion arsenal; will you read that?—A. (reads):

*'Scales and Barrows.'*

'Referring to your minute of the 7th inst. on the above subject, as it would take considerable time to get the barrows and trucks made here, authority is given to order them from Mr. L. D. Macoun.

'It is assumed you have obtained quotations from Messrs. Lewis Bros. & Co. and some other firms.

'Your catalogue is returned herewith as requested.'

Q. Now, have you read in any of the letters yet the statement that scales had been ordered from Messrs Courtney & Brown?—A. I do not think so, sir.

Q. Well, there is a letter on the subject on the 31st of January, 1906, from the deputy minister, Colonel Pinault, to the superintendent of the Dominion arsenal; will you read that?—A. (reads):

*'Scales and Barrows.'*

'Referring to your minute of the 29th inst. on the above subject: the service requisitions you refer to for the wheelbarrows and trucks and scales were returned with my minute of 17th idem in the last paragraph of which you were advised that authority to purchase coal barrows and trucks made in the United States would not be given until further explanation was received, and you were asked why you could not manufacture them up in your own workshop, or get them made by some one in the trade in Quebec.

'In the first paragraph of my minute already referred to you were informed that the scales had been ordered from Messrs. Courtney & Brown, a copy of whose tender was attached thereto.'

Q. So that notwithstanding all this correspondence that passed between the superintendent of the arsenal and the department, and the statement that these scales had been ordered from Messrs. Courtney & Brown, from whom the department had obtained a lower quotation, the upshot of it all was that Mr. Macoun got the job?—A. I do not think you were correct in saying that the offer of Messrs. Courtney & Brown was accepted.

Q. The correspondence states that, and I thought it was a very strange thing when I read it?—A. I think that is a mistake, because in Colonel Pinault's letter of the 17th of January he does not say that the offer had been accepted. I would infer from the correspondence that the scales had not been actually ordered.

Q. But notwithstanding all this correspondence and notwithstanding the fact

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that the department had obtained lower quotations from Courtney & Brown, the authority was issued to buy the scales from Mr. Macoun?—A. It would seem, I think, as if Colonel Pinault had made careful inquiry and had found that he could not do better than accept Mr. Macoun's offer.

Q. No, Colonel Pinault's letter seemed to relate to an endeavour which he would make to have the goods manufactured here, but that he found it could not be done and then he writes to the superintendent of the arsenal to buy them from Mr. Macoun, but he says, 'It is assumed you obtained quotations from Messrs. Lewis Bros. & Co., and some other firms.' Notwithstanding that the superintendent of the arsenal refers to Lewis Bros. as 'jobbers'?—A. It is apparently shown here that what caused Colonel Pinault—

Q. It does not show that the superintendent of the arsenal had obtained a tender from Lewis Bros. or anybody else?—A. No.

*By Mr. Sinclair :*

Q. What is the difference between the prices of these articles under the two tenders? It has been stated that Courtney & Brown offered to supply them at a less price, what was the difference?—A. Some \$3, I think.

Q. \$3 only?

Mr. CROCKET.—It is very small, the correspondence contains the information.

*By Mr. Sinclair :*

Q. What was the total amount involved?—A. The total amount for which Messrs. Courtney & Brown offered to supply the goods was \$115.50, and the price at which Mr. Macoun tendered was \$118.30, it is only \$2.80 difference, less than three dollars.

Q. Now, in regard to Courtney & Brown, where is there head office?—A. In Ottawa, it is an agency of the same kind as Mr. Macoun's, I think, they are manufacturers' agents, I think.

Q. With regard to the payment for the copper, is it usual to make advances of large amounts before you get the tests?—A. I think under the circumstances there being such a very large amount involved, and the manufacturers' agent having, in all probability, to pay for it before he got payment from us ordinarily, it would not be anything but usual to facilitate payment in every way we could.

*By the Chairman :*

Q. And this copper was guaranteed anyhow, was it not?—A. This copper was guaranteed. I do not suppose there was any security being put up, but I do not think we had any doubts about the purity of the copper.

Q. And when the tests were subsequently made it was found that the copper was all right?—A. It was quite satisfactory.

Q. Of course a portion of this copper had been tested before the first payment was made at all?—A. Some of it had been tested.

Mr. CROCKET.—That is hardly right, Mr. Chairman, the first shipment was tested, which was from one mine, but the other shipment came from another mine, and before the test of the first shipment, \$14,000 of the total amount of \$17,000 had been paid, and on the second shipment, \$34,000 out of \$56,000 was paid before the copper arrived at Quebec, in contravention of the terms of the contract.

*By Mr. Sinclair :*

Q. Where is the Franklin copper produced?—A. I cannot say, I do not know.

Q. Is it on Lake Superior?—A. Of course that work was done in Colonel Pinault's time, and he used to attend to it himself, I had nothing whatever to do with it except that this occurred during his illness and I was acting deputy minister.

The CHAIRMAN.—I think it is in the vicinity of the Calumet and Hecla mine.

*By Mr. Pickup :*

Q. You did nothing for Mr. Macoun that you would not have done for any other contractor?—A. Nothing.

*By Mr. Crocket :*

Q. Just in relation to that, do you say, Mr. Jarvis, that you would disregard the terms of the contract for any contractor?—A. I would not say I would.

Q. Is it usual for you to disregard the written terms of a contract, and particularly those terms that had been assigned as grounds for declining to accept other tenders?—A. No, I would not do it as a usual thing.

*By the Chairman :*

Q. Was there a written contract?

Mr. CROCKET.—Yes.

A. Tenders were invited under certain conditions.

The CHAIRMAN.—And there was a written offer and acceptance which makes the contract?

*By the Chairman :*

Q. Would you consider the non-guarantee by the Vogelstein Company the determining factor in the price on delivery? Which would you consider the determining factor in rejecting the tender?—A. Well, the two together, I think.

Q. Which would you consider the more important?—A. Either, I think, would be of sufficient importance.

Q. Which would you consider the more important, the non-guarantee?—A. I should think that the condition that it should be paid cash on delivery would be sufficient and quite important enough to justify rejection of the tender.

Q. Would it be of as much importance as the refusal to guarantee the quality of the copper?—A. I do not know, it would be, I should think, reason enough to reject it.

*By Mr. Sinclair :*

Q. The chairman's question was very plain; take the offer of the two firms, one says, 'We will guarantee to supply you with a certain article,' and the other says, 'We will not guarantee the article.' What will you say about that, is that an important factor?—A. Certainly.

Q. If the firm who says we will guarantee the quality is responsible they would be bound to deliver what they say they would sell you?—A. Yes.

*By Mr. Ross (Cape Breton) :*

Q. Would you consider the quality of the article was the important factor in the whole business?—A. Yes.

Mr. CROCKET.—The department does not seem to have considered that, because they paid the whole thing before it was tested?

The CHAIRMAN.—Yes, but it was under guarantee.

Mr. CROCKET.—Yes, but they were in a very pretty position if it had been rejected with Mr. Macoun as contractor. He was the minister's son-in-law.

Mr. Ross (Cape Breton).—Excuse me, was Mr. Macoun the minister's son-in-law at that time?—A. I do not know.

Q. What date was that?

Mr. CROCKET.—1906.

*By Mr. Johnston (Cape Breton) :*

Q. I suppose you do not keep a record of the family history of everybody connected with the Militia Department?—A. Not of the contractors. I might know it in relation to some of the officials perhaps.

Witness discharged.

Committee adjourned.



## APPENDIX No. 1

## HOUSE OF COMMONS,

Room 34, FRIDAY, June 5, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding, and proceeded to the further consideration of the payment of \$74,362 to L. S. Macoun in connection with the sale of goods (copper, &c.), by him, as set out at Q-98, Report of Auditor General for the fiscal year ended 31st March, 1907.

Mr. E. F. JARVIS, recalled.

*By Mr. Maclean (Lunenburg) :*

Q. Mr. Jarvis, you gave evidence here yesterday ?—A. Yes.

Q. You gave evidence all the morning, I think ?—A. The whole of the morning meeting, yes, sir.

Q. I did not hear you, I was not here. I notice by the press reports of the evidence yesterday and also from the evidence that you either directly stated or admitted, in answer to a question by Mr. Crocket, that certain scales were purchased from Mr. Macoun, notwithstanding the fact that the same articles had been offered to the department by the firm of Courtney & Brown at \$2 less ?—A. Yes.

Q. Did you make that statement yesterday ?—A. Well, Mr. Crocket asked me to read some letters, he had seen these files, and asked that I read the letters, and the impression I got from reading the correspondence was that such sale had taken place, that we had got the articles referred to from Mr. Macoun.

Q. What is the correct story ?—A. After the meeting was over, on going back to the department, I looked further into the matter, and I found that the scales, as shown in the Auditor General's Report, were obtained from Courtney & Brown, and that they were not obtained from Mr. Macoun. I have brought here the vouchers showing the total amount paid to Mr. Macoun, in which there is no reference whatever to scales.

Q. Then what is the page of the Auditor General's Report ?—A. On Q-106 is the payment to Messrs. Courtney & Brown and on Q-107, the payment to Mr. Macoun.

Q. Well, that correspondence seems quite clear, Mr. Jarvis, does it not, that the scales were purchased from Messrs. Courtney & Brown ?—A. I would have to go over it again, I had not seen the correspondence until coming here.

Q. I cannot understand why there should be a mistake of that kind. There is no question about it that none of these scales were furnished to the department by Mr. Macoun ?—A. They were not.

Q. That is satisfactory, and the Auditor General's Report shows that ?—A. Yes.

*By Mr. Crocket :*

Q. You gathered from reading the correspondence yesterday that they were supplied by Mr. Macoun, didn't you ?—A. I read the correspondence that you asked me to read and I did not gather it from my reading, but the point that you appeared to be laying stress on was the fact that they were purchased from Mr. Macoun, and from the reading I did not gather that it was incorrect until I made inquiry after leaving here, it was not until then that I was aware it was not correct.

Q. All the correspondence upon the subject is headed, 'scales and barrows,' isn't it ?—A. Yes.

Q. I think the chairman gathered the same inference as I did, that the scales had been bought from Mr. Macoun.

The CHAIRMAN.—I did.

Mr. CROCKET.—And I did yesterday, but I find now that the scales were not bought from Mr. Macoun, but that the barrows and trucks were. It is quite clear from the Auditor General's Report that the scales were bought from Messrs. Courtney & Brown.—A. Yes, that is right.

*By the Chairman :*

Q. I do not think there are any barrows, are there ?—A. Yes, there are barrows, here is the voucher.

Mr. MACLEAN (Lunenburg).—I do not impute any bad motives to Mr. Crocket and I can understand the witness being misled, but I think it should be a lesson to the press and to the members of the committee and should impress upon them the fact that it is very easy for the department to be misrepresented and incorrect statements placed upon the records by over zealous members of the committee anxious to establish a case against the government. I suppose it is one of the results of the party system of government, but I desire to call attention to the fact that things just as bad or worse, are occurring here every day.

Mr. CROCKET.—If you will allow me, in that connection, it was not because of any statement that I made that the articles to which Mr. Maclean refers were published in the press, but because of statements which were made by the witness in answer to questions upon that correspondence, and from which the chairman himself has admitted he gathered exactly the same impression as the witness. As I stated yesterday I would not have noticed the subject of the scale, because it was a very small matter, except for the very extraordinary nature of the correspondence; that was the only reason I had for introducing the subject, because I could not construe the correspondence in any other way, and it looked to me as an extraordinary transaction; on account of its smallness I would not have noticed it except for that very reason.

Mr. MACLEAN (Lunenburg).—My remarks were not directed to Mr. Crocket especially, except to show that when one is conducting an examination, and perhaps leading a witness when he is not conversant with the documents the examiner should be very careful.

*By Mr. Maclean (Lunenburg) :*

Q. There is another statement of yours yesterday, Mr. Jarvis, which I cannot understand why you made it. Will you look at the memorandum prepared by the director of contracts showing the names of the tenderers for the 180 tons of copper ?—A. I have it, sir.

Q. Now you were clear about one part of it yesterday, that statement is not prepared by the minister, is it ?—A. No, sir.

Q. It is prepared by the director of contracts ?—A. I think in this particular case it was perhaps prepared by Mr. McCann; at the time this contract was made the then deputy minister controlled, or at least kept under his own control the work of purchasing supplies for the Dominion arsenal. That was the procedure, director of contracts did not figure in it at all in those days. The work was done by a clerk in the contract branch, Mr. McCann; the system is different now and the supplies for the arsenal are all purchased by the director of contracts the same as in any other branch.

Q. There is a footnote to the New York contract on the abstract of tenders prepared for the information of the minister: (reads).

'(c) The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.'

Q. That is not likely the minister's memorandum ?—A. It certainly is not.

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Q. You have read the correspondence, I suppose, too?—A. Well, I have glanced through it, the other day before coming up here.

Q. Do you not think that the determining factor in rejecting that tender was the fact that the tenderer would not supply the guarantee along with the goods?—A. I do.

Q. That was the important thing?—A. That certainly was.

Q. That was the controlling feature, wasn't it?—A. Yes.

Q. There would be no justification for the department accepting his tender if he refused his guarantee as to quality?—A. There would not be; certainly not, if he insisted upon getting payment on delivery.

Q. That would be absurd, but the adding of payment on delivery is a mere surplusage, isn't it?

Mr. CROCKET.—That is rather leading. As I understood the witness yesterday, he stated that the chief reason of the rejection of the tender was the demand of payment on delivery. My friend does not seem to like that answer and wants to get another.

A. I do not think I made that statement yesterday, Mr. Crocket.

Mr. CROCKET.—He rather left that impression on my mind.

Mr. MACLEAN (Lunenburg).—I was going to say this: Mr. Jarvis was here yesterday, these papers were not fresh in his mind, and he was at the mercy of the examiner to a large extent. I submit there was no reason in God's world for anybody assuming that any other condition was a factor in the department's determination to reject the New York tender other than that they refused to guarantee their goods up to the specification.

Mr. CROCKET.—Why did he say it was the reason? An official of the department put it on that ground, that is all.

The CHAIRMAN.—I find that the witness, in replying to a question by Mr. Ross, 'Would you consider the quality of the article was the important factor in the whole business?' said 'Yes.' (Page 38.)

*By Mr. Maclean (Lunenburg):*

Q. Mr. Jarvis, insisting upon payment immediately on delivery, when he had refused to guarantee the goods, made it of course, more absurd still?—A. Quite so.

Q. But primarily the refusal to give a guarantee would cause any official in the department to reject that tender?—A. Yes, I should say so, certainly.

Q. If you had accepted the New York goods without guarantee and paid for them immediately on delivery, the department would have no recourse against the tenderer, would it?—A. No, sir.

Q. That is a plain, simple business proposition, is it?—A. Yes.

Q. This first lot of copper, Mr. Jarvis, if you will remember, was received about June 19th. That was the Franklin shipment?—A. That was billed for on June 5th I find.

Q. It was shipped from New York on June 5th?—A. Yes. That account appears to have been received in the department June 14th.

Q. They shipped June 5th and it was received June 14th, is that it?—A. Yes, sir. The account was received at the department on June 14th. I am not quite sure when the goods were received.

The CHAIRMAN.—The certificate reads as follows (reads):—

'I certify that this account is correct, that the articles mentioned were delivered at the Dominion arsenal in Quebec on the 27th June, 1906; that they have been inspected by me and found to be conformable to the patterns and specifications, and that they are fit for service; that the prices are in accordance with those expressed in the contract for these supplies; also that no item of this kind has been previously certified by me for payment.

(Signed) F. M. GAUDET, Lt.-Col.'

Mr. CROCKET.—That simply states that so far as the date is concerned the articles



was received at Quebec on the 27th June, but the correspondence shows the test was not made for weeks after.

The CHAIRMAN.—He put his certificate on it.

Mr. CROCKET.—That certificate is not dated. It states the goods were received on 27th June at Quebec.

The WITNESS.—That is the date he certifies to it as being up to specifications.

*By Mr. Maclean (Lunenburg):*

Q. Now, the first payment was on July 19, nearly a month afterwards, \$14,000? Is not that correct?—A. \$14,000 was paid on July 19.

Q. Yes, and the balance, \$2,892.98, plus freight and charges, on August 4?—A. The cheque issued August 4.

Q. So far as the record goes concerning this first shipment, 90,000 pounds, or about \$17,000 worth, they were received at Quebec practically a month before payment, were they not?—A. I think so, yes.

Mr. CROCKET.—The certificate says the goods were received at Quebec on the 22nd June and the cheque was issued on the 19th of July, before testing, that is the fact.

*By Mr. Maclean (Lunenburg):*

Q. As far as the record goes it shows this first shipment of copper was received at Quebec three weeks before payment, and that it was duly inspected?—A. Yes.

Q. That stamp on the voucher is not yours, is it?—A. No, sir, it is Colonel Gaudet's, superintendent of the arsenal.

Q. What is his title?—A. Lieutenant-Colonel Gaudet, superintendent of the Dominion arsenal.

*By Mr. Crocket:*

Q. Mr. Jarvis, you answered Mr. Maclean that the record shows that the copper was received at Quebec three weeks before payment and that it was duly inspected. You did not mean by that answer that it was inspected before payment, did you?—A. Well I—

Q. It is open to that interpretation?—A. I am not able to say.

Q. Have you not got the correspondence which shows the contrary?

Mr. MACLEAN (Lunenburg).—How is he going to say that the certificate of the superior officer certifies to the contrary?

Mr. ALCORN.—The correspondence is part of the record, is it not?

*By Mr. Maclean (Lunenburg):*

Q. That is not your certificate and it may not be correct?—A. It is not my certificate.

Q. It is Mr. Gaudet's?—A. Yes.

Q. Is he in Ottawa?—A. No, he is not. He is in England.

Q. He is in England at present?—A. Yes.

Q. But stationed at Quebec?—A. Stationed at Quebec, superintendent of the Dominion arsenal.

Q. There is a letter of August 28, which is almost the first letter on the file, from you to the superintendent of the Dominion arsenal transmitting invoices for the last three shipments of copper?—A. Yes, sir.

Q. Now, this letter is dated August 28. I wish to call your attention to the fact that the date must be wrongly stated in this copy, it must be August 20, and for that reason I will call your attention to this letter of August 22 (exhibiting letter). This is a letter from whom?—A. From Colonel Gaudet.

Q. What does he say?—A. (reads):

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DOMINION ARSENAL, QUEBEC, August 22.

Mr. L. S. MACOUN.

DEAR SIR.—Replying to your letter of the 20th instant, we are unloading two cars of copper and note that freight charges thereon, as well as three others to follow have been prepaid at Buffalo. We will defer testing this material until the five cars have been received in order that one test may be made for the whole lot thus shortening the time and expense. Nothing will be left undone to hasten completion of these tests.

Yours faithfully,

(Sgd.) F. M. GAUDET,  
Superintendent Dominion Arsenal.

Now, that letter refers to a letter of August 28. You may read that letter anyway.

A. (reads):

‘22nd August, 1906.

Mr. L. S. MACOUN,  
Ottawa.

DEAR SIR.—Replying to your letter of 20th inst., we are unloading two cars of copper and note that freight charges thereon, as well as three others to follow have been prepaid at Buffalo. We will defer testing this material until the five cars have been received, in order that one test may be made for the whole lot, thus shortening time and expense. Nothing will be left undone to hasten completion of these tests.

Yours faithfully,

F. M. GAUDET,  
Superintendent Dominion Arsenal.’

*By Mr. Crocket:*

Q. That was on the 22nd of August?—A. That was 22nd August.

Q. That referred to the first three carloads?—A. He speaks of two, ‘We are unloading two cars of copper.’

Q. Two or three?—A. Two.

*By Mr. Maclean (Lunenburg):*

Q. That letter is dated the 22nd of August and it states that they are then unloading two cars of copper?—A. Yes, sir.

Q. You would feel that was pretty good evidence, that at that date at least there were two carloads there, wouldn't you?—A. Certainly, they must have been there.

*By Mr. Crocket:*

Q. And the cheque for \$33,000 was on the 11th of August?

Mr. MACLEAN (Lunenburg)—No, on the 18th of August.

Mr. CROCKET.—Hold on—yes, the 18th of August.

*By Mr. Macdonald:*

Q. Those two cars may have been there a considerable time, as far as you know, when the letter was written?—A. They may have been.

Q. And respecting inspection, Mr. Gaudet says that they will postpone the testing until the whole five cars have been received?—A. Yes, sir.

Q. But he had taken possession of those two cars?—A. Yes.

Q. Have you any means of knowing that Mr. Gaudet knew what kind of copper the last three carloads were?—A. I cannot say, I am not able to say.

*By Mr. Maclean (Lunenburg):*

Q. Will you tell me when those two cars were shipped to Quebec that they talk about unloading?—A. I will have to get the shipping bills.

Q. I think the date is August 11th.

*By Mr. Crocket:*

Q. You will find it in your letter to Mr. Gaudet, I think, of the 18th of August?

—A. Three carloads appear to have been shipped on the 11th of August.

*By Mr. Maclean (Lunenburg):*

Q. Yes, three carloads appear to have been shipped on the 11th of August and that is the lot that Colonel Gaudet refers to as then being unloaded when he writes that letter saying that they were unloading?—A. Yes.

Q. Now I want to call your attention to this fact that on the 18th of August a cheque for \$33,000 was issued to Mr. Macoun. I just wish to make that statement, and I notice that yesterday Mr. Crocket put this question to you, (reads):

Q. So that the department issued a cheque for \$33,000, making a payment on that shipment before it was advised of its arrival in Quebec, not to speak of the testing, is not that a fact?’

Now, you can't say that these cars were not there?

*By Mr. Crocket:*

Q. I say, ‘Before the department was advised of its arrival.’ That is my question, and he answers, ‘Yes.’ as the record shows.

A. Will you read the question again, please?

*By Mr. Maclean (Lunenburg):*

Q. It is not important enough to bother about, I was simply directing attention to what Mr. Crocket says in his question. Before you made this payment would you have received the bill of lading?—A. I think so, I have the account here, and it is endorsed, ‘All shipping bills, properly endorsed, have been delivered to the department by Mr. L. S. Macoun, 20th August, 1906.’

Q. That is one case, and on the 18th of August the papers show, and I think that would be the fact, that you would not make any advance to him without the shipping bills?—A. I think not, sir, no.

Q. Are you not sure of that, that will be the fact, isn't it?—A. It would be the fact, yes.

Q. Did you pay these on your own volition?—A. I was acting deputy minister and authorized the payments, yes.

Q. Did you confer with anybody about paying them?—A. Of course the deputy minister does not do all the work of his department, the work was actually done in this case by Mr. McCann, and I had only to satisfy myself from questioning him, that it was a proper payment to make before authorizing it.

Q. Would you confer with Mr. McCann about it?—A. Mr. McCann would put the papers before me, and I would satisfy myself it was a proper payment to make, and with the papers themselves and the statements that Mr. McCann might make, before me I would authorize the payment if I thought it proper to do so.

Q. And if there is any departure from what is called the contract, in this case, it would be according to your own instructions and actions?—A. Yes, I take full responsibility in the matter. Sometimes I would consult the minister upon matters which arose, but in this case, I have no recollection of having done so, nor do the papers show that I did.

*By Mr. Crocket:*

Q. Sometimes you would consult the minister, but in this case the records do not show that you did?—A. I would say this, that at times, if I was not prepared to assume the responsibility for a payment, I would consult the minister.

Q. And what did you say about this case?—A. I say that in this case I have no recollection of having done so, and the papers do not show that I did.



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*By Mr. Maclean (Lunenburg):*

Q. As a matter of fact was not the minister away, out of the country, in England, at this time?—A. No—in August, 1906, I do not think so.

*By Mr. Crocket:*

Q. He was here when the tenders were let because he initialed the abstract?—A. That was in April. In August, 1906, parliament was not sitting, I think, and he would probably be in Nova Scotia.

*By Mr. Maclean (Lunenburg):*

Q. I suppose you would assume that delivery of the bill of lading to you was delivery of the goods?—A. Just so.

Q. Did Mr. McCann have anything to do with this contract?—A. All these letters would be prepared by Mr. McCann and signed by me, the work was practically done by him.

Q. He is conversant with the whole transaction?—A. He is far more conversant with it than I am, because I had many matters to deal with.

*By Mr. Crocket:*

Q. Just a few questions in explanation of the statement by Mr. McCann. You say the abstract of the tenders was not prepared by the minister?—A. No, certainly not.

Q. I will take that for granted, I notice it is typewritten?—A. The minister does not do the clerical work.

Q. On the abstract of tenders the initials of the minister are written, signifying his acceptance of Mr. Macoun's tender?—A. Yes.

Q. Notwithstanding that there was a lower tender at \$18.95, and the other tender was at the same price as Mr. Macoun's, \$19.

Mr. MACLEAN.—That is not correct.

A. There was a lower tender.

*By Mr. Crocket:*

Q. That is true, Mr. Macoun's was \$19, Coghlin & Company was \$19, and the third was \$18.95?—A. There were three tenders, yes.

Mr. JOHNSTON.—Not three regular tenders.

*By Mr. Maclean (Lunenburg):*

Q. You are not supposed to answer 'Yes,' and 'No' to such questions?—A. Well, the lowest tender, as has been shown, contained a condition which no sane man would accept.

*By Mr. Crocket:*

Q. Now, there is a memorandum in reference to the lowest tender, the Vogelstein firm's?—A. Yes, a note on the schedule.

Q. But there are two grounds assigned there?—A. Yes.

Q. One of them was that the terms—that is terms of payment, that there should be cash on arrival—could not be considered?—A. That could not be considered but there was another condition.

Q. The other was that his guarantee was not to specification?—A. He would not guarantee to specification.

Q. You read a letter yesterday showing he was prepared to guarantee up to \$99.90?—A. That is technical. I don't know that I am competent—

Q. That letter is on the file. Mr. Maclean asked you as to which of these two grounds you would consider the most important. That was the purpose, I take it?—A. I remember the chairman asking me, I don't remember Mr. Maclean asking me.

Q. Now yesterday—A. Do you mean yesterday or to-day?

Q. Mr. Maclean asked you this morning?—A. It was so exactly.

Q. The chairman referred to page 38 of yesterday's evidence in which you answered a question by Mr. Ross. Mr. Ross' question was: 'Would you consider the quality of the article was the important factor in the whole business?' and you answered 'Yes.' That is what you appear to have stated yesterday in answer to Mr. Ross?—A. Yes.

Q. Now, at page 37 there are these questions and answers (reads):—

*'By the Chairman:*

Q. Would you consider the non-guarantee by the Vogelstein Company the determining factor, or the price on delivery? Which would you consider the determining factor in rejecting the tender?—A. Well the two together, I think.

Q. Which would you consider the more important?—A. Either, I think, would be of sufficient importance.

Q. Which would you consider the more important, the non-guarantee?—A. I should think that the condition that it should be paid cash on delivery would be sufficient and quite important enough to justify the rejection of the tender.

Q. Would it be of as much importance as the refusal to guarantee the quality of the copper?—A. I do not know. It would be, I should think, reason enough to reject it.'

Q. That is what you said yesterday. I suppose you don't care to alter that?—A. Well, I would like to alter that, I think, because, if you think the matter over, as I have since, the fact that these people refused to guarantee their goods, particularly as it was coupled with a proposition that they should be paid for these goods down, would be a very strong reason; it would be absolutely necessary to reject the tender.

Q. Yes?—A. If they had said: 'We cannot guarantee these goods, but if you take them and test them and find that they are all right, you can pay us for them; if not, we will take them off your hands,' it would be one thing; but they stipulated they should be paid down, and if they were paid down I don't see what recourse you would have if the things were not up to specifications.

Q. That is just about as I understood the effect of your testimony yesterday; putting the two together, payment down and the absence of guarantee?—A. Well, the failure to guarantee is itself ample reason for rejection, and it was also coupled with a further condition that payment should be made down.

Q. Therefore, the fact is, the two reasons were assigned on this abstract of tenders the reasons why it should not be entertained?—A. The two were put before the minister. They were not assigned as the reasons, they were simply put before the minister for his information, and he judged accordingly.

Q. The minister considered these matters, I suppose?—A. Exactly.

Q. Because he was the one who initialed Mr. Macoun's tender?—A. Yes.

Q. Notwithstanding that fact, that this tender was rejected for those reasons that you have mentioned, is it not a fact that Mr. Macoun was paid practically the whole of his accounts before the copper was tested at Quebec?—A. I think so.

Q. And he was paid with regard to the last five carloads—take the three carloads which the certificates show arrived at Quebec on the 25th of August, the certificate endorsed on the bill, Mr. Macoun received a cheque for \$33,000 on the 18th of August?

The CHAIRMAN.—I do not think it is fair to say that it arrived.

Mr. CROCKET.—Well, the certificate on the back of the bill states that the goods were received at Quebec.

The CHAIRMAN.—And had been inspected.

Mr. CROCKET.—Oh, no, it does not.

The WITNESS.—The goods were shipped, and we have the shipping bill.

Mr. CROCKET.—That is not the question. The certificate states that the articles mentioned were delivered at the Dominion arsenal, Quebec, on the 25th of August.

The CHAIRMAN.—Well, go on and read the whole thing.

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Mr. CROCKET.—That is all I am reading just now. The certificate shows that these articles arrived on the 25th August, and the bill amounts to \$34,200.

Q. Is it not a fact that Mr. Macoun received a cheque for \$33,000 on the 18th August?—A. A cheque was issued for \$33,000, I think it was, on the 18th August.

Q. And yet you say one of the reasons why the Vogelstein tender was declined was that he insisted on the goods of the company being paid for on arrival?—A. Yes. Well then, we have in the specification asking for these tenders, there is one clause, 'No tender will be accepted without trial of the copper offered unless it is a brand known to be suitable for the purpose required.' We were well aware that copper was suitable for the purposes required.

Q. What copper?—A. The copper they were delivering.

Q. That who were delivering?—A. This company. The copper in connection with which we made that payment of \$33,000.

Q. You were well aware of that?

Mr. SINCLAIR.—How do you know that?

Mr. MACLEAN (Lunenburg).—Mr. Gaudet knows it.

The WITNESS.—I would have to take a statement as to that from Mr. McCann.

*By Mr. Crocket:*

Q. You have no knowledge of that?—A. I cannot say.

Q. Is it not a fact, Mr. Jarvis, that after the arrival of the goods, when you were pressing for payment to Mr. Macoun, that Gaudet, the superintendent of the arsenal, protested, and protested vigorously, against payment being made and pointing out that there would be great risk in making payment? Is that not a fact?—A. There is a letter on that file which says payment would be imprudent, I think, but whether it refers to the first lot or the second, I am not able to say.

*By Mr. Maclean (Lunenburg):*

Q. It refers to the first lot which the department used, copper from the same mine as the last five cars the year before or previous years?—A. I think so; I cannot state positively.

*By Mr. Crocket:*

Q. From which mine was that, the Calumet or the Franklin?—A. The Calumet, I think. The same mine as this second lot came from; I would not be positive.

Q. The first shipment, for which there was a bill of seventeen thousand odd dollars, the correspondence shows came from the Franklin mine?—A. Yes, sir.

Q. And in the letter which reports that fact Mr. Macoun states that the balance has to be got from another mine, does he not?—A. I think so.

Q. So that there was no test at all of any copper from the Calumet and Hecla mine under Mr. Macoun's contract?—A. I am not able to state positively whether there was or not.

Mr. MACLEAN (Lunenburg).—Would you read that part of the specification which you read a moment ago. Mr. Crocket does not want the certificate attached to that first shipment to be accepted as worth anything, and in relation to this shipment he does want it to speak for something.

*By Mr. Crocket:*

Q. Mr. Jarvis, you read a letter yesterday and I want you to turn up that letter that you read from Colonel Gaudet protesting against that, in which he pointed out the great risk that would be involved in paying Mr. Macoun before the copper was tested?—A. I have it, yes.

*By Mr. Maclean (Lunenburg):*

Q. What is the date of that?—A. 16th of July. (reads):



'Replying to acting deputy minister's letter of 14th instant, copper supplied by Mr. L. S. Macoun is being tested. We will hasten completion of trials, but they are unfortunately long and the amount involved is so large, that it would be imprudent to risk payment without completing tests.

'For reasons explained in previous correspondence, account should be paid by this office and not at headquarters.'

*By Mr. Crocket:*

Q. Now, you say that the record shows—A. I was just going to say that that last paragraph does not bear on this payment alone, but he is objecting to the principle of paying any of these accounts at headquarters, he thought he should do it down there. It is only an incidental reference, he takes the opportunity to emphasize his view that these payments should be made down there and not at headquarters.

Q. Notwithstanding that protest on the part of the superintendent of the arsenal against the payment of this account before the completion of the tests, \$14,000, on an account of \$17,000 was paid—

Mr. MACLEAN (Lunenburg).—Paid on the 19th of July, the test may have been completed then.

*By Mr. Crocket:*

Q. It was not completed, was it now?—A. I cannot say positively.

Q. You said that yesterday, don't you know that the records show it?—A. I read the records yesterday and, as I read them, I agreed with you on some questions you put to me; of course I had not all these papers in my head.

*By Mr. Maclean (Lunenburg):*

Q. What is there on record showing that it was not tested, point it out, witness, it is not clear?

The CHAIRMAN.—The witness knows nothing except what he sees on the record.

A. When I was asked by the deputy minister to come up here and give evidence I told him I was not conversant with the papers, I only had them and glanced over them for a few minutes before coming here. There was nothing in this business to impress it on my memory at all, and I do not know what the papers contain.

*By Mr. Crocket:*

Q. Turn up the letter there that says it was not certified until the 1st of August that is what the return shows, and there is nothing to show, until the 1st of August, that it was certified.—A. The first delivery?

Q. Yes, there was a cheque issued on the 19th of July.

The CHAIRMAN.—There is a letter there on the 1st of August—

Mr. MACLEAN (Lunenburg).—The certificate shows it was delivered on the 27th of June.

Mr. CROCKET.—Now, you are harping back to that again, there is no date on that certificate.

*By Mr. Crocket:*

Q. Is there anything in that file, prior to the 1st of August certifying to the department that the copper was satisfactory, and that the tests had been completed?—A. I think not.

*By Mr. Maclean (Lunenburg):*

Q. The certificate shows that the goods were received on the 27th June, does it not, Mr. Jarvis?—A. Yes, sir, received on the 27th of June.

*By Mr. Crocket:*

Q. Now, you have said in answer to Mr. Maclean, in explanation of the grounds upon which the Vogelstein tender was rejected, that if the copper was paid for on

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delivery the department would have no recourse against the tenderer, that is the answer you made to Mr. Maclean this morning; would not that apply equally to Mr. Macoun, if it was paid for before delivery?

Mr. MACLEAN.—No, certainly not, that is explained fully, and you know that Mr. Macoun gave a guarantee and the other man would not give a guarantee, that is the reason.

*By Mr. Crocket :*

Q. If it was paid for, you said, on delivery the department would have no recourse against the tenderer, you said that; now if Mr. Macoun was paid for it before delivery and the copper did not come up to the guarantee, what about that?—A. I must have been satisfied at the time that we were well protected and would be quite safe in making that payment.

Q. You said in answer to Mr. Maclean that your practice was to satisfy yourself and I think you said with reference to this payment that you satisfied yourself it was a proper payment to make?—A. Yes.

Q. Now is it not a fact, Mr. Jarvis, that these payments that were made to Mr. Macoun before the test of the copper, not to speak of before the arrival of the last shipments, were in straight contravention of the express written terms of the contract?—A. Not if we consider that specification which I read to you a few minutes ago.

Q. What specification?—A. I read an extract from the specifications there.

*By Mr. Maclean (Lunenburg):*

Q. Read it again?—A. (reads):

‘No tender will be accepted without trial of the copper offered unless it is a brand known to be suitable for the purpose required.’

*By Mr. Crocket :*

Q. Unless it is a brand known?—A. To be suitable for the purposes required.

Q. And that is what you set up as the reason why these payments were not in contravention of the terms of the contract?

Mr. MACLEAN (Lunenburg).—Respecting the last five cars, that is all he means it to apply to.

*By Mr. Crocket :*

Q. The letters to these gentlemen inviting tenders contains this paragraph (reads):

‘These metals will be tested as soon as possible after delivery and if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted.’

A. Yes.

Q. Do you say that this payment that was made of \$33,000 in one case to Mr. Macoun before arrival, and \$22,500 in another case before arrival, were in conformity with that term of that contract?—A. It might not strictly have been so but the goods were shipped and we had the shipping bills and we knew pretty well what we were getting.

Q. You knew pretty well what you were getting although not one particle of that copper from Calumet mine had been tested and the department had not one scratch of the pen on its records showing any test or even its arrival at Quebec?—A. No.

Q. All they had was a notification from Mr. Macoun that the copper had been shipped?—A. Not a notification, shipping bills, I think.

Q. Handed you by Mr. Macoun?—A. Yes.

Q. And upon that and that alone you paid practically the whole of the account?—A. Well that and our general knowledge of the thing.

Q. Now I want to know, Mr. Jarvis, if you as the acting deputy minister of that department and the person responsible, considered that you were satisfied under these

Q. I am sure that that was a proper treatment?—A. Considered that I was satisfied? Yes, certainly I was satisfied. I was satisfied that the payment should be made.

Q. Now, standing that term in the contract I have read?—A. Well the contract is a letter from myself. I think. I wrote the letter and they wrote an acceptance of it, presumably.

Q. I suppose you know that makes a contract?—A. That makes a contract.

Q. That is written for the Militia Department stating the terms upon which the bill will be made?—A. Well, I am not a lawyer but having made a contract I suppose I could set it aside to a certain extent, I don't know. It might be a legal point, perhaps.

Q. What is the practice of the department in regard to payments for goods? Do you mean to tell this committee that it is the practice of the Militia Department to pay for goods before there is a certificate as to reception or the quantity or the quality?—A. Well, we are constantly making advances to other contractors, and I don't think we have done anything in this case that we would not have done to other contractors of their standing.

Q. Do you say that you are doing this in numerous cases, paying for goods without their being certified?—A. We do make many advances as the work progresses, yes; payments that may be considered similar.

Q. You are doing that in the case of the Ross rifle? Is that the one you have reference to?—A. No, I had no reference to that. We do it in other cases. I think the Ottawa Car Company here manufactures wagons and different things for us; we have made advances to them.

Q. Without certificate of any kind?—A. Well, we have got certificates, we would have a knowledge of what was being done, of what we were doing; but this is the same way, we had shipping bills in this case.

*By Mr. Maclean (Lunenburg):*

Q. Do you mean to say that this section of that letter in which you say: 'These metals will be tested as soon as possible after delivery and if found to conform to specifications and to be suitable for use, payment will be made at once after they are accepted' was not a controlling element, that is the specification?—A. Mr. McCann has just told me that no payments have been made to the Ottawa Car Company without the report of the inspector. It is made on the report of the inspector, that is the way. I just mentioned that we made similar payments to the Ottawa Car Company.

*By Mr. Crocket:*

Q. Not without a report?—A. Mr. McCann tells me it is only on the report of the inspector such a payment would be recommended.

Q. As a matter of fact, Mr. Jarvis, can you recall another single instance where such a proportion of an account was paid without the department having any certificate?—A. I cannot recall any, but you must remember it is only at odd times I act as deputy minister and when I am acting as deputy minister I have nothing whatever to do with these cases.

Q. You said yesterday, Mr. Jarvis, did you not, that this was a contravention of the contract and of the regulations of the department—what had taken place in this case?—A. I don't think I said regulations of the department; I don't know of any regulation. It may be a practice of the department, I don't know of any regulations.

Q. The ordinary regulation with respect to payments for supplies requiring certificates?

The CHAIRMAN.—That is on page 30.

*By Mr. Crocket:*

Q. Let me read from the evidence given yesterday by you. (reads):

Q. That seems to have been in contravention of the terms of the contract, was it not, Mr. Jarvis as to payment?—A. Well the cheque was not necessary under the contract, but there was a big sum involved—



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'Q. Did not the terms of the contract require distinctly that that copper should be tested and certified before payment?—A. Yes.

'Q. And not only did the terms of that contract specially require that, but did not the rules of the department provide that no payment should be made until there was a proper certificate that the goods had been received, that the quantities are right and that the prices are correct? Do not the rules of the department require that?—A. That is the custom but I think there are times when it is not done.

'Q. But in the case of Mr. Macoun practically the whole amount, in relation to the last two shipments, was paid before the copper had arrived at Quebec, notwithstanding that the Vogelstein Company which was the lowest tender, was declined and that one of the reasons for declining it was that one of their terms was "cash on arrival"?—A. Yes.'

*By Mr. Maclean (Lunenburg):*

Q. You did not say that?—A. No.

Q. That is Mr. Crocket's questions?

MR. CROCKET.—Yes, but this is his answer. 'Yes.'

MR. MACLEAN (Lunenburg).—I know but it is a long question.

*By Mr. Crocket:*

Q. That is what you said yesterday. Now do you mean to say this morning that is not the view as you held it and as expressed in this way?—A. I would like to read it carefully.

MR. MACLEAN (Lunenburg).—Here is the evidence (handing the evidence to witness).

MR. CROCKET.—At page 30.

MR. MACLEAN (Lunenburg).—Those questions were hypothetical and very lengthy and he could only answer 'Yes' or 'No.'

The CHAIRMAN.—He could only answer 'Yes' or 'No,' or not at all.

*By Mr. Maclean (Lunenburg):*

Q. In the questions that Mr. Crocket put to you he makes the direct statement that the lowest tender was refused. You don't admit that, do you?—A. The lowest tender was refused?

Q. Yes, declined because they wanted cash?—A. Well, no, I think I have explained that. I think the condition at the time was primarily the fact that they would not guarantee it.

Q. Now, as I understand it, this scale business is all settled?—A. I understand to Mr. Crocket's satisfaction.

MR. CROCKET.—Oh yes, that is settled.

*By Mr. Maclean (Lunenburg):*

Q. You make this statement, the specific statement, that the determining factor in declining the New York tender was the fact that they refused to give a guarantee?—A. Well, I would like to state that positively after thinking the matter over as affecting the ground on which—

Q. That would be the ground?—A. Yes.

Q. In respect to the first shipment of copper, which cost about \$17,000, it was received in Quebec in the latter part of June, was it not?—A. The 27th of June.

Q. The 27th, I think it was earlier, and the first payment was not made until July 19th?—A. That is correct.

Q. Now, with respect to the other five cars, which amounted to \$66,000, you contend that having had some knowledge of the brand of copper under the specifications, you were justified in receiving and paying for the same upon receipt of the bills of lading?—A. I contend that I must have satisfied myself at the time of authorizing that payment that that was the right course, yes.

*By the Chairman:*

Q. Of course, you had the bills of lading properly endorsed?—A. These same papers authorizing the payment show that the bills of lading had been endorsed.

Q. And the bills of lading having been properly endorsed, of course, the copper became your property?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. I do not know but all this copper reached Quebec before payment was made, but I do not see any way of proving it. This certificate on the back of the bills of lading does not bear date?—A. No.

The CHAIRMAN.—They are to satisfy the Auditor General more than anything else.

*By Mr. Crocket:*

Q. Is there any record in the department showing the result of the test of this copper?—A. I have no knowledge of everything not being perfectly satisfactory, but I cannot say there is anything in the department; I understand we have all the correspondence here; I did not get it together, the director of contracts did, and I have been told that all the correspondence is here.

Q. There is no certificate of the assayer or tester?—A. I cannot say as to that; Mr. McCann will be able to give evidence as to that.

Q. And the department has none to this day showing what the percentage of impurity was?—A. I do not know.

*By the Chairman:*

Q. That is all done in Quebec?—A. That is done in Quebec.

Q. And these assays will be in Quebec, I presume?—A. Yes.

Witness discharged.

Mr. L. S. MACCOUN called, sworn and examined:

*By Mr. Crocket:*

Q. Where do you reside, Mr. Macoun?—A. At Ottawa, usually.

Q. You are a son-in-law of the Minister of Militia?—A. I am at present, yes.

Q. What is your occupation?—A. I am a general broker of machinery, metals, chemicals—I am a manufacturer's agent, if you know what the term means.

Q. You said that you are a general broker of a great variety of articles?—A. Yes, I have been for a good many years.

Q. You are a manufacturer's agent, in short?—A. Yes, that is what really it is usually known as; my business is known as that of manufacturer's agent.

Q. Manufacturer's agent?—A. Yes.

Q. Haven't you been announcing yourself simply as a broker?—A. General broker; it is really the same thing. My letter paper used to say 'Manufacturer's Agent,' and I changed it to 'General Broker,' because sometimes I handle insurance as well, and I handle customs business as well.

Q. Does that cover all your occupations?—A. I am secretary-treasurer of the New Brunswick Cold Storage Company and connected with a number of other companies; I am secretary of the Canadian Financial Agency Company and general secretary of the L. B. Seward Company and several other companies.

Q. You say that general broker and manufacturer's agent is the same thing?—A. Yes; I do not mean that I handle stocks at all; very often people have come to me as a stock broker, but I am not a stock broker.

Q. You are a general broker, handling anything you can?—A. I represent certain firms; I represent the manufacturers.

Q. Have you a warehouse, a storehouse, or shop of any kind?—A. I do not keep any shop.

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Q. You have an office, I suppose?—A. I have, several.

Q. Where are they located?—A. I have one in Ottawa; one in Hull.

Q. Is that all?—A. That is several, yes.

Q. Where is the Ottawa office?—A. In the Central Chambers.

Q. That is a building occupied mostly by law offices and insurance agencies, isn't it?—A. I could not say. I pay two hundred a year at the Central Chambers, my office rent there.

Q. \$200 a year?—A. Yes.

Q. I should think you could well afford to pay that with these numerous companies?—A. Oh, yes.

Q. It does not strike me as being very excessive?—A. I try to keep them down, but that is the best I can do.

Q. Now, I notice, Mr. Macoun, that you received a cheque from the Militia Department on the 13th February, 1906, for \$6,300 for automatic labour-saving machinery which was supplied to the Dominion arsenal at Quebec by the firm of Potter, Johnston & Company, of Rhode Island?—A. Whom I represent.

Q. Whom you represent, you say?—A. Yes.

Q. Now, will you tell the committee how you came to get interested in that contract?—A. Well, I represent the company, and naturally I would be interested in any business that would be going on in Canada.

Q. Tell us how you came to represent the company?—A. Well, I knew it was a good firm. They are about the—they are probably the best people in the world on these automatic machines. They have a world-wide reputation. They send their machines all over the world.

Q. And when were you appointed agent?—A. I have been the agent for—I could not say—for perhaps three or four years. I don't just remember the exact date.

Q. You do not remember the exact date?—A. No.

Q. You cannot say when you were appointed agent of the firm?—A. No.

Q. I notice that there is a letter here from you to—I think it is to Mr. Brown, the Director of contracts—dated 5th April, 1905, notifying him of your appointment as the agent of that company. This is the letter, Mr. Macoun (producing letter). That seems to have been written by you, that is your signature?—A. Yes, I think so.

Q. Have you any doubt about that?—A. No, I should say that is my signature. It appears to be on my letter paper anyway.

Q. (Reads):—

‘OTTAWA, CANADA, April 5, 1905.

‘H. W. BROWN, Esquire,

‘Director of Contracts,

‘Dept. Militia and Defence.

‘DEAR SIR,—I have been recently appointed by the Potter & Johnston Machine Co., Pawtucket, R.I., as their agent. They manufacture a large line of automatic labour-saving machine tools, such as chucking, turning and shaping machines, and which, I feel confident from what I have heard, could be used very advantageously in the Dominion arsenal.

‘Trusting, in the event of your being in the market for any of the above, that I may be favoured with your valued inquiry.

‘Believe me,

‘Yours very faithfully,

‘(Signed) L. S. MACOUN.’

A. Yes, that is about three or four years ago, was it?

Q. It was 5th April, 1905?—A. Yes, that is about the time I should say.

Q. And that was your first intimation to the Militia Department that you had been appointed agent of that company?—A. According to that file, yes.

Q. According to that file?—A. Yes.



Q. Was there any other?—A. Not that I know of.

Q. How did you come to be appointed agent just at that time?—A. Well, I was interested in their machinery, and I got in touch with this company through another inquiry into connection with the Canadian Fairbanks Company, whom I represent.

Q. You also represent the Canadian Fairbanks Company?—A. Oh, yes.

Q. And that company was a company from whom the Militia Department was also buying goods?—A. I will just see.

Q. How did you?—A. I would not like to say yes without—(after referring to memoranda). I see that I sold them one Columbus wheelbarrow.

Mr. MULLAN (Lunenburg).—Never mind telling about the things you sold.

The WITNESS.—I sold three wheelbarrows, \$34.50.

*By Mr. Maclean (Lunenburg):*

Q. \$34.00?—A. \$34.50, yes.

*By Mr. Crockett:*

Q. But do you say then that it was through your connection with the Fairbanks Company, which was also selling goods to the Militia Department, that you got knowledge of this firm of Potter, Johnston & Company?—A. Yes.

Q. When did you first hear of the existence of that firm?—A. Probably some time previous to that. I could not say the date; I don't know.

Q. But some time before the date of that letter?—A. It might have been some months, I could not say.

Q. Did you know that the Militia Department had been in communication with that firm for some months before you sent this letter to the department notifying them of your appointment as agent?—A. Some months? No.

Q. You did not know that?—A. No.

Q. Why, I think, Mr. Macoun, you will find that there was a letter sent to you referring to correspondence that had been carried on with that firm in the month of February?—A. The month of February?

Q. Do you not know that?—A. Have you the letter there? Can you tell me when the department wrote me.

Q. Yes, just a minute?—A. How many months was it previous to that?

Q. Here is a letter written to you by Mr. H. W. Brown, Director of Contracts in which he says (reads):—

'I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. The Potter & Johnston Machine Coy's offer of the 22nd February last.'—A. Yes.

Q. (Continues reading):—

'(Copy enclosed)'—

A. Yes.

Q. (Continues reading):—

'To furnish the undermentioned machinery'—

A. Yes.

Q. So you then did know. You had a written communication from the department, had you not, showing that before you bobbed up as agent of the company the Militia Department had been in direct communication with them?—A. I knew later; I did not know in February.

Q. But you did know?—A. I know now. Yes, certainly.

Q. And you had a written intimation of it from the Militia Department?—A. Yes, certainly.

Q. That the department was communicating and negotiating directly in the month of February?—A. I did not know in February that they were. That was your original question: 'Did I know some months before?'

Q. I ask you don't you know?—A. No. You said: 'Did you know,' not 'Don't you know?'

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Q. But, as a matter of fact, you do know?—A. I know now.

Q. You know now?—A. Yes.

Q. And you have a written communication from the Militia Department stating to you that they had been carrying on correspondence with this firm in the month of February?—A. Yes, I believe there was something. April 15th, was it?

Q. Yes. But in that letter of April 15th they referred to a communication they had with that company in the month of February?—A. That was on April 15 they did. I did not know previous to my letter of April 5th.

Q. Then, on April the 5th you appeared to bob up as the agent of the company that the Militia Department had been carrying on negotiations with?—A. I appeared to?

Q. You did?—A. I did, you say? Yes.

Q. After your letter of 5th of April?—A. After the letter of the 5th of April, yes.

Q. How did you come to apply for that agency?—A. That is some of my business, not yours.

Q. That is some of your business. Well, I think it is some of my business, you will see, as a member of this committee?—A. No, it has nothing to do with you.

Q. How did you come to apply for that agency?—A. That is none of your business. That is my private business, and has nothing to do with the—

Mr. CROCKET.—I must ask you, Mr. Chairman, to direct the witness to answer that question.

The WITNESS.—That has nothing to do with the facts of the case.

Mr. CROCKET.—This has a good deal, I think, Mr. Chairman, to do with the facts of the case. A department of this government is carrying on direct communications with a firm from whom they have bought goods direct, and then the son-in-law of the Minister of Militia turns up as their agent, pending negotiations, and the whole thing is passed into his hands.

Mr. MACLEAN (Lunenburg).—That statement is hardly fair, Mr. Crocket.

Mr. CROCKET.—Well, it is; that is what I have already shown. We want to know how these middlemen get into this business.

Mr. MACLEAN (Lunenburg).—That would be fair, but I do not think it is fair for you to ask how he came to apply. I think he told you already that he applied through his connection with the Fairbanks Scale Company.

Mr. CROCKET.—He knows quite well what I want apparently, and refuses to answer. I direct attention to the fact that the Militia Department was carrying on negotiations with this concern, that it had been decided to buy material from this concern, and just at this time Mr. Macoun turns up as agent of the company, which did not get the contract until Mr. Macoun had become their agent, and I want to know the reason why?—A. I can't answer that; I do not know.

Q. But at that particular time, while these negotiations were proceeding between the Militia Department and the Potter & Johnston Company, how did you come to apply for the agency and to refer particularly to their being able to manufacture a line of automatic labour-saving machinery suitable for the Dominion arsenal?—A. Well, they have supplied other arsenals, they supply arsenals all over the world with automatic machinery.

Q. You know that is not an answer to my question?—A. Yes it is.

Q. How did you, at that particular time, come to apply for that agency, and obtain it, and communicate that information to the department?

The CHAIRMAN.—I suppose it was a matter of business.

A. A matter of business, yes.

*By Mr. Crocket:*

Q. The chairman says it was a matter of business and you say, yes?—A. Certainly it is.

Q. Now did you have any intimation that the Department of Militia was considering the purchase of this machinery that is mentioned in your letter?—A. I know from the Fairbanks Company that they were after it.

Q. You know from the Fairbanks Company?—A. Yes.

Q. That the Department of Militia was after this particular machinery?—A. No, that they were after machinery.

Q. That they were after machinery?—A. Yes.

Q. Machinery generally?—A. Yes.

Q. But this letter refers particularly to the machinery that the department purchased, the automatic labour-saving machinery, such as the turning and shaping machinery?—A. Yes, what other sort of tools would they use in the arsenal? That is the only sort of tools they use.

Q. Where did you get the information?—A. I have already told you.

Q. What have you told me?—A. That I heard it through the Fairbanks Company.

Q. Everybody would know that the Department of Militia would at some time be buying general machinery?—A. No, I did not say that.

Q. I am asking you about the particular machinery referred to in your letter?—A. I have already told you that I heard of it through the Canadian Fairbanks Company.

Q. When did you hear of it?—A. I could not say.

Q. Were the Canadian Fairbanks Company asked to tender?—A. I could not say.

Q. Don't you know that they were not?—A. I could not say. They are the agents for the Pratt Whitney Co., who also make similar machines, somewhat similar machines.

Q. You say that the Fairbanks Company are the agents for—what is the name of the firm?—A. The Pratt Whitney Company, I think it is called.

Q. Who make similar machines?—A. Somewhat similar machines.

Q. The Canadian Fairbanks Company is on the patronage list, are they not?—A. I could not say, I have never seen the patronage list.

Q. Mr. Gaudet says they are?—A. I do not know anything about those things.

Q. You do not know whether there was a tender for these goods or not?—A. I could not say, I do not remember.

Q. Can you tell us when you applied for the agency?—A. I cannot.

Q. Have you many letters with the company? Have you copies of the correspondence that you carried on with the Potter-Johnson Company in relation to this business?—A. Yes.

Q. Have you them with you?—A. I have some of them here at any rate.

Q. I would like to see your letter applying for the appointment of agent?—A. I haven't any letter applying for the appointment of agent here, that had nothing to do with the Militia Department.

Q. You say you have not a copy of your letter applying for appointment as agent?—A. Yes.

Q. Not here in this room?—A. Yes.

Q. But you have a copy, have you, at your office?—A. I could not say—I likely have, I could not say whether it is on the file or where it is.

Q. I would like you to look that up and produce it before this committee?—A. That is something to do with my private business and I refuse to do so.

Q. I would like you, Mr. Macdon, to look that up and if there is such a letter to produce it before this committee?—A. You would like me to?

Q. Yes?—A. Yes.

Q. Will you do that?—A. No.

Q. You won't do that?—A. No.

Q. Why?—A. Because it is none of the business of this committee, it is something entirely to do between myself and my principals.



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Q. Something that is entirely between yourself and your principals?—A. Yes.

Q. Now, up to that time had you ever acted as the agent or did you ever sell any goods of any kind for this firm?—A. No.

Q. Have you done any business for that firm except with the Militia Department?—A. I have endeavoured to.

Q. Have you done it?—A. I have not been successful.

Q. You have done no business as agent of the Potter Johnston Company except with the Militia Department?—A. There is only one arsenal in Canada.

Q. That is right, you say you have done none, although you have endeavoured?—A. I have endeavoured.

Mr. CROCKET.—Now, Mr. Chairman, I am going to ask that you direct the witness to produce that letter applying to the Potter Johnston Machine Company for appointment as agent.

The CHAIRMAN.—You had better leave that over now, and I will consider the matter. I cannot see now just what relevancy it would have to this matter, I cannot see that now, but you may bring it out.

Mr. MACLEAN (Lunenburg).—I do not think you will see next week either, Mr. Chairman.

*By Mr. Crocket :*

Q. Do you know that the firm of Potter Johnston & Co. was upon what is known as the government patronage list, or the patronage list of the Department of Militia?—A. I have never seen the patronage list and know nothing about it, that is, what names are on it.

Q. Did you ever hear they were?—A. I never heard they were.

Q. Did you ever hear that the Canadian Fairbanks Company were?—A. I do not know anything about it, whether they were on it or not on it.

Q. You do not know anything about the patronage list?—A. I know there is a patronage list, but I do not know whether they are on it.

Q. Are you on it yourself?—A. Yes, I am on it.

Q. How long have you been on it?—A. I could not say.

Q. How long have you been doing business with them?—A. I could not say.

Q. Is it two or three years?—A. I could not say, it is a long time ago.

Q. You certainly did business with the Militia Department in 1906?—A. Yes.

Q. In the year 1906?—A. Yes.

Q. This machinery was sold?—A. Yes.

Q. Was that about the first sale you had made?—A. I could not say.

Q. You could not say. Well just think for a moment?—A. I probably did—I have been for years doing business with the government and with everyone else.

Q. With the Militia Department?—A. Possibly.

Q. Was that about the first sale that you had made?—A. I should not think so. I have been—I have sold other things.

*By the Chairman :*

Q. You sold before 1906, did you?

Mr. CROCKET.—I glanced over the Auditor General's Report of the year before and that is the first I saw. I did it hurriedly this morning.

A. (After referring to memoranda) I have found it, yes. I have found that on November 25th, 1905, I did business.

Q. November 25th, 1905?—A. Yes, I sold them five vices and one arbour press. They cost me—the five vices cost me \$12.50, less 15 per cent. The account came to \$53.13. Then there was the arbour press, I think it cost \$16. So I probably sold them, perhaps, nearly \$70 worth in 1905 that I know of.

Q. And is that the only transaction you had before the sale of this machinery?—A. I have found something else I sold. This was not much. On December 9th, I sold them a Yale duplex block. The price was \$40. I see I made 5 per cent commission on it, \$2.

Q. And that was when?—A. That was in 1905 too.

Q. 1905?—A. Yes.

*By the Chairman:*

Q. What time of the year?—A. In December, around Christmas time.

*By Mr. Crocket:*

Q. It came in handy?—A. It was most useful; I was able to buy my Christmas presents. On December 23rd the order was given. I presume I got it on the 25th.

Q. You began very small and worked up to almost \$75,000. I see?—A. I am sorry the profits were not as they might have been. This was 5 per cent. The profits in a number were less than half of one per cent.

Q. Less than half of one per cent?—A. You see I went on the down grade as far as my profits were concerned.

Q. You did not seem to be looking after your interests properly?—A. The copper business, if you know anything about it—the metal business is done on a very small percentage basis. It is done from a half of one per cent to one per cent.

Q. We will deal with this machinery first?—A. That probably would be better, yes.

Q. You notified the department on the 5th of April. Now did you have any communication with Mr. Gaudet, the superintendent of the arsenal, about your acting as agent for this company?—A. It is quite possible; I saw him often in Ottawa.

Q. Don't you remember that you did?—A. I probably did.

Q. You probably did, and what did you say to him? Did you have any correspondence with him on the subject?

The CHAIRMAN.—Is there any correspondence on the subject?

Mr. CROCKET.—There is a letter from Mr. Gaudet in which he informs the department about Mr. Macoun being able to do this business.

The CHAIRMAN.—Oh, yes, that is the letter of April 8th.

*By Mr. Crocket:*

Q. I am asking you if you had any correspondence with Mr. Gaudet?—A. I could not say. I cannot find anything here (referring to papers).

Q. Well, from what the public documents show?—A. Does the file show anything? I have not seen the file.

Q. There is a letter of April 8 in which he says he knows you were in a position to do business?—A. Is there? I have not seen it.

Q. Now when did you see Mr. Gaudet and indicate that to him?—A. I could not say. I don't know. It is too long to remember.

Q. You don't remember anything about that?—A. No. I probably saw him at the club, and told him, very likely. I often see him at luncheon at the club.

Q. Was it before Mr. Gaudet proceeded to Pawtucket under the minister's direction or not?—A. I was not there at the interview, if there was one.

Q. I am asking you if this communication you had with Mr. Gaudet?—A. Lieutenant-Colonel Gaudet?

Q. With Mr. Gaudet, in which you intimated to him that you could do this business was before Mr. Gaudet went to Pawtucket or not?—A. Well, I could not say. I don't remember when he went.

*By the Chairman:*

Q. Do you know that he went at all?—A. I think he went; I don't know that.

*By Mr. Crocket:*

Q. You know he went, don't you?—A. I expect he went; I don't know if he did or not.

Q. And you cannot say whether it was before he went or not?—A. I don't know, I am sure.

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Q. You do know that he came back and recommended the purchase of the machinery by the department?—A. He very likely did. It is the best thing that could be procured. I should think he would recommend the best thing that could be procured, but I don't know anything about that.

Witness retired.

Committee adjourned.

HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
OTTAWA, THURSDAY, June 11th, 1908.

The Committee on Public Accounts met at 11 o'clock, Mr. Finlayson in the chair.

The committee proceeded to the further consideration of the payment of \$74,362 to L. S. Macoun in connection with the sale of goods (copper, &c.) by him as set out in page Q—98 Report of the Auditor General, 1907.

Mr. MACOUN recalled.

*By Mr. Crocket:*

Q. Mr. Macoun, when your examination was adjourned last Friday you were about to tell us how you came to get on the patronage list of the Militia Department?—A. I do not recollect that.

Q. Well, that is the last subject we were questioning you about?—A. The last question was 'You did know that he came back and recommended the purchase of the machinery by the department,' and I answered: 'He very likely did. It was the best thing that could be procured. I should think he would recommend the best thing that could be procured, but I do not know anything about that.'

Q. That arose out of the question of your being on the patronage list of the department and Mr. Gaudet having reported that you were on the patronage list, so that I was asking you how you came to get on the list of the department?—A. I could not recollect now. I am on the patronage list of all the departments, if I recollect rightly.

Q. Of all the departments?—A. I think so.

Q. How did you accomplish that?—A. I applied through the usual channel.

Q. What is the usual channel?—A. Through the sitting member.

Q. Of what constituency?—A. Of the city of Ottawa.

Q. Mr. Belcourt or Mr. Stewart?—A. It may have been either, I don't remember.

Q. You don't remember?—A. It was some years ago.

Q. It would be one or the other?—A. Yes.

Q. Have you no recollection? You are on the list of all the departments of the government?—A. I think so; I applied for all.

Q. You said a little while ago that you were on the patronage list of all?—A. Well, I think I am, I applied to be.

Q. I notice that you have been selling water pails to the Railway Department?—A. For the Eddy Company I would do that, and brushes for the Skedden Company of Hamilton.

Q. And fire clay?—A. There is one per cent on that and the commission on that sale was \$1.

Q. The bills are made out to you? The Eddy Company does not figure in it at all. You are entered as having sold to the government?—A. I have a running account with the Eddy Company the whole time.



Q. Neither in the Railway or any other department are any of your principals mentioned. You are entered as having made these sales? You did not sell them as agent to the government?—A. Oh, yes, certainly I did, on the commission basis.

Q. So that you do not buy these goods?—A. I buy them, yes.

Q. From the houses you mentioned at a certain price?—A. They give me the price which I quote the government and they allow me off the invoice. In other cases they merely invoice direct and credit me with my commission.

Q. Who does?—A. The manufacturers. I am a manufacturers' agent.

Q. Get back to this question of getting on the patronage list. Do you know how many lines you are down for?—A. No, I have no idea.

Q. Well, when you applied to get on did you indicate what line of goods you would be prepared to sell?—A. I do not think so. It was so long ago I cannot recollect. I am almost certain that I did not but I cannot be sure.

Q. You are almost sure?—A. It is so long ago; it is some years ago.

Q. Not many. How long have you been in the country?—A. 18 or 19 years.

Q. 18 or 19 years?—A. Yes. I came out when I was 16, the tender age of 16.

Q. Lived about Ottawa the most of the time?—A. Yes, I have been here most of the time. I came here in 1893.

Q. That is pretty nearly 15 years ago?—A. About 15 years ago. I was in the Northwest inspecting western lands for a while.

Q. Before you got into the copper and machinery business?—A. Yes, several years before.

Q. So that you do not recollect that you indicated what you would be able to handle in the particular lines of goods?—A. I cannot recollect that I did.

Q. As you understood it, you were put on the list to handle anything the department wanted?—A. I have never seen the list. I do not know what it is.

Q. How do you understand it? That you would get an inquiry for everything the department wanted, whether a water pail or a steam engine?—A. I think so. I don't know. I get all kinds of inquiries from the Intercolonial, for instance.

Q. Whether you represent manufacturers handling these lines or not?—A. Yes, and the lowest tenderer gets it.

Q. About how many inquiries in the course of a year?—A. I could not give you any idea. I do not know.

Q. You do not know?—A. The Intercolonial, for instance, sends a long list of five or six pages of different stuff.

Q. Do you get inquiries from the Intercolonial Railway to tender for steel rails?—A. I would not be sure that that is one of the inquiries. I get inquiries for steel, nails, bolts, &c.

Q. Referring to the Potter Johnston Company of Pawtucket, you first learned of them through the Fairbanks Company?—A. Yes, I think so.

Q. And the Fairbanks were agents of the company which manufactured similar machinery?—A. Somewhat similar.

Q. Do you mean to say that the Fairbanks Company, agents of a firm in that line, and in that business, recommended that you should get the agency of the Potter Johnston Company?—A. I never said that. I heard that the Dominion arsenal were in the market for machinery through the Fairbanks Company, and it being my business to sell machinery I got into touch with the best people.

Q. You said that what you learned from Fairbanks was that the Dominion arsenal was after machinery of this kind?—A. Yes.

Q. How did you hear of the Potter Johnston Company?—A. Well, I could not tell you now. I think it was through the Fairbanks Company, it is several years ago.

Q. Oh, no, it was 1905?—A. Well, it is three years ago; that is several years.

Q. Well, it is only three years ago. But you do remember that you learned from the Fairbanks Company that the arsenal was after machinery: was in the market for machinery?—A. Yes.

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Q. For this particular kind?—A. Yes, that would be about the only kind they would be in the market for.

Q. Are you quite sure that the Fairbanks informed you of this other company?—A. Well, I could not tell that.

Q. Did you ever hear of Potter Johnston before you heard it from the Militia Department?—A. Oh, yes, they are people of wide-world reputation.

Q. And you tell us you never heard of the existence of the firm until shortly before you applied for the agency. That is right, is it not?—A. Yes, that is about correct. A short time before.

Q. As soon as you heard of the existence of the firm you applied for the agency?—A. That is about correct.

Q. Now, did you hear of that through the Militia Department?—A. No, I don't think so.

Q. Will you swear that you did not?—A. I will not swear because I cannot be sure.

Q. You will not swear that you did not get the information through the Militia Department?—A. Well, it is several years ago and my memory it not sufficiently good for that.

Q. Three years is too far back?—A. Well, in a great many details, certainly, I could not remember.

Q. Then you wrote this letter on the 5th of April stating that you had been appointed?—A. Yes.

Q. And that this firm were in a position to sell?—A. Yes.

Q. And that this firm were in a position to manufacture automatic labour-saving tools, such as chalking, turning and shaping machines, and on the 15th April you received the order?—A. Yes.

Q. That is a fact?—A. Yes.

Q. Now, did you ever see the factory of this firm?—A. Oh, no. I never visited all these factories. I wrote.

Q. Did you ever see this machinery which you sold?—A. No, I have never been in the factory.

Q. And until this day you have never seen it?—A. I have seen illustrations of it in their catalogues.

Q. You did not go to Pawtucket in connection with this order?—A. No.

Q. All you did was to obtain this agency, urge the order later to the department and receive the cheque?—A. Oh, no.

Q. What else did you do?—A. I had a good many negotiations.

Q. Is not this the only negotiation you had, your letter notifying them of the appointment. That is the only letter you wrote to the department before you received the order?—A. Yes, certainly.

Q. I am asking you if you did anything in connection with the supply of this machinery other than writing that letter?

*By the Chairman:*

Q. Which letter?

Mr. CROCKET.—5th April, 1905.

The WITNESS.—I first answered that. I said I did a good deal after writing that letter.

Q. Before you received the order?—A. You said before I received the cheque. That is a different thing.

Q. Before you received the order?—A. That is another story.

Q. Then all you did in connection with that order was to write that letter to the department?—A. After securing the agency. I had a good deal of work in securing the agency.

Q. I am asking you did you, from the time you secured the agency to the time you received the order, do anything else than write that letter to the department for the purpose of getting the order?—A. I do not understand what you mean.

Q. Did you, Mr. Macoun, from the time that you received the appointment as agent of this company in connection with the obtaining of this order, do anything more than write that letter?—A. Do anything more in connection with that?

Q. After getting the order?—A. No, I do not think so.

Q. So you got that order simply upon that letter?

The CHAIRMAN.—Be careful about your answer to that question.

The WITNESS.—I do not know exactly what he means.

*By Mr. Crocket:*

Q. Did you do anything else in connection with the obtaining of the order from the Militia Department for this machinery between the date of your appointment and the obtaining of the order than write that letter?—A. No; I believe my principals did.

Q. You did not even quote a price, did you?—A. No; it had already been quoted.

Q. And on that letter, and that letter alone, you got the order for the \$6,000 worth of machinery?—A. Yes. Excuse me, how much did you say?

Mr. CROCKET.—\$6,000 or \$6,300.

*By Mr. Maclean (Lunenburg):*

Q. Was the price quoted by your principal from that factory charged to the department?—A. No.

Q. You were paid entirely by your principals?—A. Entirely by my principals. It did not come out of the government funds. I might be allowed to read a short statement which covers the whole thing.

*By Mr. Crocket:*

Q. You say you were paid entirely by your principals?—A. Yes.

Q. Did you not receive cheques for the order?—A. Of course, I did, but they were invoiced by my principals.

Q. L. S. Macoun?—A. They were invoiced by my principals. They sent them to me as agent of the company.

Q. A cheque was sent to you and you cashed it in Ottawa, didn't you?—A. Yes.

Q. Instead of your principals paying you, you paid your principals, didn't you? You took off your rake-off and paid the balance to them?

Mr. MACLEAN (Lunenburg).—I object to these words being used—rake-off.

The CHAIRMAN.—I do not think you should use that word.

Mr. CROCKET.—Perhaps we should call it commission.

The CHAIRMAN.—Your questions are very leading.

*By Mr. Crocket:*

Q. The witness has stated that his principals paid him?—A. I might read a letter which would probably explain what you want.

Q. Just one moment. You received the cheque?—A. I have admitted that.

Q. And you cashed it yourself?—A. I have admitted that.

Q. And you sent what was coming to the Potter Johnston Company, is that right?—A. Yes, at their request.

Q. How much did you make out of that thing?—A. That is a very leading question.

Q. How much profit did you make on that order?—A. May I just refer to my file? On December 14th I wrote to Colonel Gaudet, asking him if he would have the cheque remitted through me. On February 13th, 1906, they say they enclose herewith a cheque for \$6,300 in payment of machinery manufactured by Messrs. The Potter Johnson Machine Company. I find that on February 17th I wrote Colonel Gaudet that I had forwarded this firm my personal cheque in full settlement of their account. I see I wrote Potter Johnson: "I have this day received from the Dominion arsenal a cheque in my favour for \$6,300 in payment of the machinery supplied by you in



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accordance with the departmental order No. 72-3-12 of April 15th, 1905. Would you prefer drawing on me for same, less the commission named, namely, 5 per cent, or will I forward you a draft on New York for a similar amount?'

Q. How much did you make out of that?—A. Five per cent, \$300. To continue; on February 20, I received a letter from Potter Johnston: 'We received your favour of 16th instant, notifying us that you had received payment for the machinery furnished for the Dominion arsenal and inquiring how the remittance should be made. We had previously requested you to send draft for the amount, but, fearing that our letter had been lost in the mails, we wired you "Letter sixteenth, mail New York draft for our account," which we herewith confirm. Your favour of 17th instant reached us in the afternoon enclosing draft for \$6,000 in payment of the account.' It is crossed you see. There is the whole transaction now.

Q. So by the mere writing of that letter you made \$300?—A. Many a lawyer makes \$3,000.

Q. You knew that this concern was negotiating with the Militia Department, did you not?—A. I now do.

Q. You did know at the time?

Mr. MACLEAN (Lunenburg).—At what time?

*By Mr. Crocket:*

Q. At the time you wrote that letter. At the time you wrote that letter, April 5th, did you not know that the Militia Department was negotiating directly with the firm of Potter Johnston?—A. Certainly.

*By Mr. Maclean (Lunenburg):*

Q. At the time you got your appointment as agent?—A. At the time I wrote the letter, April 5th.

*By Mr. Crocket:*

Q. But at the time you secured the agency of this concern?—A. I did not know then that the department had a quotation from Potter Johnson.

Q. You did know when you wrote that letter that the department had been negotiating directly with the firm?—A. Yes.

Q. You say you did not know when you obtained the agency?—A. No, when I wrote this letter of April 5th.

Q. You did know?—A. I did not know. I am talking about this letter of April 5th.

Q. You certainly did say so. I asked you about the time you wrote that letter?—A. I answered that the department were in negotiation with Potter Johnston but I did not know that they had made a quotation.

Q. You wrote the letter of April 5th simply stating that you had been appointed agent of this firm who were manufacturing this line of goods?—A. Yes.

Q. And you say this (reads):

'And which I feel confident can be used very advantageously in the Dominion arsenal.'

You wrote that?—A. Yes.

Q. That is all you did? You did not even give a quotation?—A. It was not necessary. The department had already received a quotation.

Q. But the contract went to you?—A. Certainly.

Q. In your own name?—A. I could not say that. No. Here is a letter of April 15th:—

'I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. Potter & Johnston's machinery,'

*By Mr. Bennett:*

Q. You were not agent on 22nd February?—A. No.

*By Mr. Crocket:*

Q. That letter is from Mr. Brown, the dictator of contracts?—A. Yes.

Q. What did you do with that? You simply sent that on to Potter & Johnston?

—A. Yes.

Q. They put in the machinery. You never saw it. You never saw their factory. You never did another bit of business for them, and you got cheques and got \$300. Is that the fact?—A. Never did any other business for them.

Q. You got this order in this way on the 15th April, after having simply written that letter. You forwarded it to the Potter Johnston Company. They supplied the machinery. You never saw it.

Mr. MACLEAN (Lunenburg).—Why don't you let the evidence speak for itself?

Mr. CROCKET.—I am asking him if that is the fact.

The WITNESS.—I have already given all this.

*By Mr. Crocket:*

Q. You got the order on 15th April?—A. 15th or 16th, I would not be sure.

Q. It is that order dated the 15th?—A. Yes, dated the 15th.

Q. You sent that forward to the Potter Johnston Company. Is that right?—

A. Yes.

Q. They made up the machinery and shipped it direct to the arsenal?—A. Yes, they would not ship it to me.

Q. You never saw it?—A. No.

Q. You received the cheque from the Department of Militia?—A. Yes.

Q. And forwarded them the proceeds, less commission of five per cent?—A. I was their agent, yes.

Q. That is all you did?—A. What more would I do.

Q. And you got your commission for that service?—A. Yes, rather.

Q. And Potter Johnston & Company, although they had been negotiating with the department did not receive the order until you became their agent. Is that right?

—A. Certainly, is there anything wrong about that?

Q. It is a very nice way of making \$300.—A. I had a good deal of worry about getting it through in as good time as possible.

Q. Did you receive a letter from the Potter Johnston Company acknowledging receipt of the money?—A. Yes.

*By the Chairman:*

Q. Is the quotation from the Potter Johnston Company on record?

Mr. CROCKET.—Yes, a letter of the 22nd of February..

Q. I want to understand from you if you saw or talked with Colonel Gaudet before he went to Pawtucket on the instructions of the Minister?—A. I cannot really tell you. I saw Colonel Gaudet quite often. I cannot tell you whether it was before or not.

Q. Do you know he went?—A. I understand he went.

Q. Did he ever speak of it afterwards?—A. I cannot say. I fancy he did probably.

Q. You told us the other day there was a letter, 8th April, 1905, in which he said that acting upon the instructions of the minister he had gone to Pawtucket?—A. I have not seen the file.

Q. Your attention was called to that the other day. That he had gone down to Pawtucket to interview this firm. Did you know that he was going?—A. Very possibly.

Q. When you say that you mean that you did, don't you?—A. No, I say very possibly.

Q. Have you any recollection about it or not?—A. Well, it is so many years ago I cannot remember.

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Q. It is only three years ago last April. Did you see him before he went to Powtucket?—A. I very probably did.

Q. About this contract of the Potter Johnston Company, and did you talk to him about the obtaining of this contract?—A. I very possibly did.

Q. Did you inform Colonel Gaudet before he went down that you had been appointed agent?—A. Very possibly. If I discussed the thing at all I very possibly told him I was.

Q. And I think the other day you told us you could not remember how long before the letter of April 5th you had been appointed?—A. Yes.

Q. You could not tell us when you were appointed?—A. No.

Q. But you think you told Colonel Gaudet before he went down there, that you had been appointed?—A. When did he go down?

Q. He did not say when he went. There is a letter of 8th April reporting that he had gone down on the instruction of the minister. I asked you the other day when he went and you said you did not know?—A. I had nothing on the file at all to show when he went.

Q. You think you did see Colonel Gaudet and talked the subject over with him before he went?—A. Very likely.

Q. And that you were in a position to do business?—A. I would not say that.

Q. He wrote that?—A. Oh well, possibly. I have not seen the file.

Q. I asked you the other day about your letter applying to the Potter Johnston Company for appointment as agent. Have you looked up that letter?—A. No.

Q. You told us I think, that you had a copy of that letter in your office?—A. I believe I have.

*By Mr. Bennett :*

Q. Is the letter copied in your letter book?—A. No.

Q. How do you have a copy?—A. I have a modern system in my office. I have a carbon copy. I probably have it there, I cannot say. I have not looked at it.

*By Mr. Crockett :*

Q. You keep copies of all your important letters, don't you?—A. Yes, but the files are generally cleaned out once a year.

Q. You told us you had no doubt a copy of that letter was in your office?—A. Yes.

Q. And if the committee ask you to produce it you can produce it?—A. Possibly.

*By Mr. Crockett :*

Q. I would ask you, Mr. Chairman, to order the witness to produce a copy of that letter.

**THE CHAIRMAN.**—On what grounds.

**MR. CROCKET.**—I want to see how this contract came to be turned over from the Potter Johnston Company to Mr. Macoun.

**MR. MACLEAN.**—It was not turned over. There is no evidence to support that statement.

**MR. CROCKET.**—I think the committee has a right to find out how it is that middlemen are imported into this transaction when there does not seem to have been any necessity for it whatever.

**MR. MACLEAN.**—It is the witness who is objecting to it.

**MR. BENNETT.**—The witness has not objected to it.

**THE WITNESS.**—I do, emphatically.

**MR. CROCKET.**—I want to ask you, Mr. Chairman, if supposing that letter should prove to have contained a statement that if he was appointed the agent of that company he could get that contract for them at the figure that they first quoted, do you not think that would be a matter that the committee should know. Supposing the letter showed that, is that not a matter which the committee should know? The



witness says he objects emphatically to the production of that letter. I cannot see why he should unless there is something in it that he does not want this committee to know.

Mr. CARVELL.—I protest against a suggestion such as that. This is purely a matter of private transaction between this witness and his principals. What right has the committee to inquire into the private transactions of any man who is brought here as a witness. This committee has the right to inquire into any transactions between this witness and the department, but surely we are not going to turn every man's business inside out. I think we ought to rule positively that this is not proper evidence and that this witness cannot be asked to produce this document.

Mr. CROCKET.—Mr. Carvell was not here the other day and does not know what has taken place. My learned friend probably does not know that this witness stated that he has never done another bit of business for the company than this little business for the Militia Department. Therefore he got the agency to sell only to the Militia.

The WITNESS.—I tried to sell to the Royal Mint, which required that sort of machinery, but I was not successful.

*By Mr. Crocket:*

Q. There is only one arsenal in the Dominion and that was the only customer you could look to?—A. Oh, no. I said I failed to do any business with the Royal Mint.

Mr. CARVELL.—I think, Mr. Crocket should withdraw the unfair imputation that there must be something in that letter.

*By Mr. Bennett:*

Q. Is there any special reason why you should not produce the letter?—A. None, except that it is my private business and I object to giving any information that is not required.

Mr. CROCKET.—I ask you, Mr. Chairman, for your ruling.

The CHAIRMAN.—I rule against you. I really think it is not relevant. If the witness wishes or chooses to produce it he can. But I am not going to order its production.

Mr. MACLEAN.—I think Mr. Crocket should recall that expression and have it struck off the record.

Mr. CROCKET.—I said it was proper for this committee to ascertain just why it was and how it was that this son-in-law of the Minister of Militia—

The WITNESS.—I was not his son-in-law then.

Mr. CROCKET.—Well, how you, Mr. Macoun came to be imported into this transaction at this particular time and I said that letter might throw some light upon that.

*By Mr. Carvell:*

Q. I would like to know did the fact of your being appointed agent of this company increase the cost of this machine one dollar to the government of Canada?—A. It did not increase the cost one cent.

Q. And is it not a common thing for wholesale firms to sell only at the price which they would sell to their agent, when they have an agent in the country?—A. You are quite correct.

Q. And that is always the case?—A. That is always the case.

Q. When the company has an agent they will not sell to any customer, except at the price at which the agent receives his commission?—A. Yes.

Q. And in this case you got your commission from your principals, and not from the company?—A. Quite correct.

Q. It is a universal practice, is it not?—A. Yes.

*By Mr. Bennett:*

Q. Did you make application after you had been appointed agent to any one in

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the department to carry out the sale? Did you interview anybody and ask them to make the contract after you had been appointed agent?—A. I cannot recollect now, whether I did or not.

Q. Had you no negotiations with any representative of the department, the minister or any one else, asking them whether they would buy?—A. I did not see the minister about it.

Q. Who also in the department might have been seen, or did you see any one?—A. Possibly, Mr. McCann, who looks after the supplies of the Dominion arsenal.

*By Mr. Carvell:*

Q. You were trying to get an order, were you not?—A. I was trying to get an order. I may have seen Mr. McCann but to my recollection I did not.

Q. Did he tell you whether the matter had been a matter of negotiation between the company and the department?—A. I do not remember.

*By the Chairman:*

Q. Does Major Gaudet live here or in Quebec?—A. He is often here.

*By Mr. Crockett:*

Q. I think you said the other day to me that you met him frequently at the club?—A. That is the only place where I probably would meet him.

Q. Now, this is not the only transaction you had with the Militia Department during that year? You negotiated the copper that was spoken of the other day?—A. That first transaction, if I recollect, was in 1905, or the copper was in 1905.

Q. The first transaction was in 1905, and the copper was the following year. Now, on the 12th April, 1906, there is a letter on the file that was produced the other day asking you to send in quotations for the supply of 180 tons of copper. You remember getting that letter?—A. Oh, yes, I got it on the 13th.

Q. You were asked to put in a tender on or before 24th April. Have you got there with you a letter of receipt acknowledging that inquiry?—A. No, I don't think so.

Q. Here it is. On the 14th of April you acknowledged with thanks a receipt of that inquiry and stated that you had carefully gone over the conditions therein and that you would name prices on or before the 24th instant. That letter is on file here?—A. Yes.

Q. You did put in a tender on the 24th?—A. Yes, I think I did; or perhaps on the 23rd, wasn't it?

Q. Perhaps it was. Yes, it was. When you acknowledged the receipt of that first inquiry did you know anything about the prices of copper?—A. Oh, yes, I had been in the copper business before. This is not my first transaction by any means. I sold to others.

Q. Who did you get the quotation from that you submitted to the department?—A. From the Franklin Mining Company and the Calumet and Hecla, through a friend in Boston.

Q. The Franklin Company's head office is in Boston?—A. Yes.

Q. When you received the inquiry from the Militia Department you wrote to a friend in Boston to find out what you could buy copper for?—A. Yes.

Q. And then having obtained quotations you put the tender into the department on 23rd April?—A. Yes.

Q. Now, what quotations did you get from the Franklin Mining Company?—A. Would you object to my reading a short statement which really covers the whole thing?

Q. Answer it briefly, what quotations did you receive?—A. \$19 a hundred.

Q. A hundred pounds?—A. Yes.

Q. And that is the same quotation that you made to the department?—A. Yes

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Q. Then you wish us to understand that you made nothing on this transaction?  
—A. I made a loss.

Q. I ask you—how quotations you got from the Franklin Mining Company and you said \$19.00?—A. Yes.

Q. That is the same amount you tendered to the department?—A. Yes.

Q. Did you obtain quotations from the Calumet also?—A. Yes.

Q. What were their quotations?—A. \$18.75 for later delivery. These things are all graded on the different deliveries like wheat, for different months just as you would wheat.

Q. So that before you put in a tender you had made inquiries and obtained the quotation of \$19 from the Franklin and \$18.75 from the Calumet and Hecla?—A. Yes, but the latter was for a later delivery.

Q. But they all came in this order?—A. Yes, and when pooled they made a profit of less than one-half of one per cent.

Q. Was your tender \$19 for the whole quantity?—A. Yes.

Q. Now, you supplied 45 tons or thereabouts from the Franklin people and 156 tons from the other?—A. This statement of mine covers all that.

*By Mr. Bennett :*

Q. Did you know the prices offered at the same time that you tendered to the department?—A. Yes.

Q. I am asking if you sold at the same prices you were getting it?—A. Yes. I did in connection with the Franklin.

*By Mr. Crocket. :*

Q. You got a quotation of \$19 from the Franklin and \$18.75 from the other and you tendered the department for the whole quantity at \$19?—A. Yes.

Q. How many hundred pounds did you put in the Franklin copper?—A. About twenty-five per cent I think. I delivered 90,000 lbs. of the Franklin.

Q. And how much Calumet and Hecla?—A. I delivered 135 tons, that would be 302,400 lbs.

Q. Well, in the Auditor General's Report you are down for 151½ tons refined Lake Superior copper, Calumet, Hecla?—A. They do not know anything about the copper business or they would know that it is delivered by the long ton. They are giving the short ton.

Q. Well, they have the 151 tons here. So that on Calumet and Hecla you made twenty-five cents on a hundred pounds?—A. Yes.

*By Mr. A. K. Maclean :*

Q. What about the freight?—A. I had to pay the additional freight. The way it is sold it is all based on New York delivery. You pay the difference in freight from the mine to Quebec.

*By Mr. Crocket :*

Q. You paid the freight?—A. Yes, I lost the additional cost of freight to Quebec.

Q. You gave us the number of pounds of Franklin copper?—A. Yes; 90,000.

Q. And Calumet and Hecla?—A. Yes, 302,400. And, mind you, on New York delivery. That is plus freight to Quebec.

Q. Yes, I know. How much did you pay for freight?—A. The extra freight was about \$605.40 on that Calumet and Hecla.

Q. \$605.40 for freight?—A. Yes, and that you would deduct from my little profit, you know.

Q. And how much freight on the other?—A. The freight charged to Quebec was \$279.02 on the Franklin lot. It is just possible that includes direct freight from Houghton, Michigan, to Quebec. I do not know that I can show that or not. I do not think I have the amount.



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Q. Now the file shows that you were paid for the Calumet and Hecla shipments before its arrival at Quebec. In the letter of April 12th there was this statement: 'These materials will be tested as soon as possible after delivery and if found to conform to specifications and to be suitable for use payment will be made at once after they are accepted.' You understood from that and the contract entered into, that you were not entitled to receive payment for the copper until it had arrived at Quebec, been tested and certified as accepted?—A. Yes.

Q. But you did receive payment before it was tested in both cases, both Franklin and Calumet and Hecla?—A. Well, I don't know in connection with Franklin whether it was tested or not, they had it there three weeks and it only takes four days to test copper.

Q. Mr. Jarvis went over that. It had arrived and had not been tested and you received a cheque for \$14,000?—A. Six weeks after shipment.

*By Mr. A. K. Maclean:*

Q. Did you know that under the specifications they could accept this company's material without testing if it is suitable?—A. Yes. These brands are well known. I find on April 1st, 1905, I was advised by the arsenal as to what brand was suitable for their use, Lake Superior, Calumet and Hecla and Lake Superior Q. M. Co.

*By Mr. Crockett:*

Q. I do not know whether you were in the committee the other day, because we have a letter on file from the superintendent of the arsenal protesting against payment before inspection on account of the great risk involved. You said to us here you understood that you were not to receive payment until the copper was tested. Did you not state that to me?—A. Well I will look over my tender and see. Here it is: 'Terms net cash. Payments to be made as promptly as possible after goods delivered.' That is my offer in reply to their letter of the 12th.

Q. Well, we have on file these letters, and they were gone over the other day. Now, Mr. Macoun, did you not state a few minutes ago that you understood, under the terms of that contract, that it had to be received and tested before you were entitled to payment?—A. I understood that, but I did not accept it.

Q. But did you not understand that that was one of the terms?—A. Yes, but I did not accept it. That is what the department wanted, but my offer is payment to be made as promptly as possible after the goods have been delivered.

Q. Were you in the committee when Jarvis was giving evidence, and giving reasons why the offer of the Vogel Steel Company was declined? That it was not according to the specifications?—A. Was that the last day I was here—yes.

Q. So that your offer was not according to the specifications; your offer did not comply with specifications?—A. Yes, it did.

Q. Did it comply with the terms of specifications?—A. Yes, it did.

Q. Did not their letter of April 12 require that you should not be entitled to payment until after the test?—A. Yes.

Q. And you say now that you were not willing to agree to that term?—A. My contract says: 'Terms, net cash; payment to be made promptly after delivery.'

Q. You say under the terms of your offer you are not to be paid until after delivery of the copper?—A. Yes.

Q. You were paid, were you, before the copper arrived at Quebec?—A. I could not say.

Q. Don't you know that?—A. I find that the copper was laying at Quebec three weeks before I got payment.

Q. I am speaking of the last shipment?—A. The cars were shipped August 11th. I do not know when they arrived, but I was not paid until August 18th.

*By Mr. Carvell:*

Q. Did you have the way-bills?—A. No, the government had them

Q. And they had the copper?—A. Oh, yes.

*By Mr. A. K. Maclean :*

Q. When did you have to pay?—A. All in advance: before I got anything from the government.

*By Mr. Crockett :*

Q. The copper was shipped on the 11th of August and you got your cheque on the 18th of August, before you were advised of the arrival of the copper at Quebec?—A. Well, I do not know whether I would be advised or not. It was shipped direct.

Q. Do you know it had not arrived before 25th and 28th of August?—A. I do not know that.

*By the Chairman :*

Q. How long would it take?—A. To come from Buffalo it would take a week.

*By Mr. Crockett :*

Q. How did you manage to accomplish that—to get payment in violation of the terms of the contract before the copper arrived at Quebec?—A. I have found a letter which I had overlooked, August 22nd, in which it says: 'Replying to your letter of the 20th, we are unloading two cars of copper.' That would show that they had it there for several days.

Q. If you turn up the certificates here you will find that the copper had not arrived. How would you manage to accomplish that?—A. To accomplish what?

Q. To get payment for the copper before arrival at Quebec, on the mere production of the railway bills. Who did you see?—A. I saw Mr. McCann.

Q. At the Militia Department?—A. Yes.

Q. And what request did you make to him?—A. I asked to get something on account.

Q. What did Mr. McCann say?—A. He is here himself to answer.

Q. You are able. Answer what took place between you and Mr. McCann. Did he make any objection?—A. I do not recollect now. I told him it was Lake Superior copper, which the department had used before, and had stated it would be suitable for their work.

Q. How did you come to secure payment in what seems to be a violation of the terms of the contract? Solely through Mr. McCann?—A. Mr. McCann and Mr. Jarvis, I think. I think he took me to Jarvis.

Q. Jarvis was acting deputy?—A. Yes. It was the usual practice of the department. Why make exception in my case?

Q. Do you say that it was the usual practice?—A. I believe so, so far as I know.

Q. Did they make any objection at all?—A. I do not think so; not that I know of.

Q. Did they assent on your first visit?—A. I think so; I think they did.

Q. Or did they put you off, and say they would consult and see?—A. They may possibly have; I could not say.

Q. Your recollection is indistinct on that?—A. I have a letter to Gaudet on the 18th, the day I got the cheque, in which I say that I handed to the department the bills of lading for the first three cars, and would, as soon as possible, hand in the others.

Q. Did you see the minister about it?—A. No, I did not discuss it with the minister at all. He was in Nova Scotia and I did not call him up.

*By Mr. Carvell :*

Q. Was he not in England?—A. No, I looked it up. I expected some such insinuations.

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*By Mr. Crocket:*

Q. How did you find that out?—A. From his private secretary. I anticipated your insinuation. He was in Nova Scotia from about August 1st to 13th. Arrived in Ottawa August 14th; left Ottawa for Quebec, August 16th; in Nova Scotia until August 26th, and left Ottawa for England, August 31st.

Q. Well, he was here when he initialed your tender?—A. Yes.

Q. And he left Ottawa August 14th? He was evidently here a couple of days about that time?—A. Yes.

Q. And that was about the time you were trying to get payment. Did you not get a cheque on August 18th?—A. Yes, the minister was then in Quebec or Nova Scotia.

Q. You have been notified of the shipment of August 11th. I see here a letter of August 16th that shows that the Calumet and Hecla had forwarded two cars of refined copper. At that time the minister was in Quebec and you were notified that the copper had been shipped on the 11th of August?—A. Yes, but the notification had to come from Buffalo to Boston, then back to Ottawa. I don't know how long.

Q. However, you got a cheque for \$33,000 on the 18th?—A. Yes. I see they wrote from Boston on August 15th and I would not get that letter until the 16th.

Q. At that time the minister was in Quebec?—A. I did not see the minister.

Q. I suppose you are not in the habit of talking to the minister in regard to any of these contracts?—A. He is a very busy man.

Q. You never talked to him at all about supplies?—A. Very seldom.

Q. You got your cheque for \$33,000 on August 18th, and a further cheque of \$22,500 on the 20th, and you say you did that through Mr. McCann and Mr. Jarvis?—A. As far as I can recollect that was it.

Q. You went to the department and got the cheques there?—A. I think so. You have got the cheques there. I cannot tell you whether they came from Quebec or not.

Q. Do you remember whether you went to the department and got the cheques?—A. Yes, I must have.

Q. Who gave them to you?—A. I could not tell. Probably the accountant or Mr. McCann or Mr. Jarvis.

Q. You got cheques for these amounts and could not tell who gave them to you?—A. No, I do not remember.

*By Mr. Carvell:*

Q. Before adjournment I would ask that the witness give us a statement in precise form as to the cost of these goods, cost of freight and the profits accrued to him.

The WITNESS.—My disbursements were as follows: To the Franklin Mining Company on account of copper, \$17,004.59; freight charges on same to Quebec, \$279.02; Bank of Ottawa, interest charges on loan, \$97.80. telegrams *re* these shipments, \$3.49. Calumet and Hecla, on account of copper, \$33,516; Calumet and Hecla on account of copper, \$22,790.88; Bank of Ottawa, interest charges on loan, \$13.15; freight charges on the same to Quebec, \$605.40. A total of \$74,310.33. Profit on the transaction, \$317.67. Less than one-half of one per cent.

Mr. CROCKET.—That is what you made on the transaction?—A. Yes.

Q. You made that by getting this order and passing it over to the other people?—A. I bought the copper; I was not acting as an agent.

*By Mr. Carvell:*

Q. You paid the money and had to take the risk?—A. Yes.

Committee then adjourned.



## HOUSE OF COMMONS.

COMMITTEE ROOM No. 32,

WEDNESDAY, June 24, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock and the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of \$74,362 to L. S. Macoun, as set out at Q-98. Report of the Auditor General, 1907, and other payments in connection with the sale by Mr. Macoun of goods to the railway and other departments.

Mr. L. S. MACOUN, recalled.

*By Mr. Maclean (Lunenburg):*

Q. I understand that you desire to complete a statement you were making the other day?—A. Yes, it was only in connection with some statements that were made in reference to goods I have sold the government. I was accused of selling fireclay, and some water pails. I find that on the water pails my profit was 61 cents, less \$1.02 freight deducted. The buckets I see were ordered on the last day of the contract and the Eddy Company objected to paying the freight, so I swallowed the charges, and my loss there was somewhere about 40 cents.

*By Mr. Crockett:*

Q. These were sold to the Railway Department?—A. Yes, those that you spoke of. I see that on the fireclay my profit was 1.99, and in lead pipe that I sold them my profits were 99 cents exactly. My vouchers and everything are here to show that. My profit during that year was \$5.29 less some freight and postage, stationery, etc.

Q. What year?—A. That was the year ending 1907.

Q. Does that include all the goods you sold to the Department of Railways?—A. That includes everything sold to the Department of Railways. I think Mr. Fowler stated in the House that Mr. Merwin would have to look to his laurels. I do not think there is any danger. I see the year before I enjoyed greater success.

Q. They are not using you as well as they do Mr. Merwin?—A. I have never had any favours from the government whatever. I am sorry to say; I would take them if I could get them. I see I sold the I. C. R. some white lead, I represent the Canada Paint Company, and my profits were \$12. I sold some copper tubing, and my profits were \$8.25; I sold also some fireclay and my profits were \$2.03. I sold some lead pipe—in fact I remember they ordered four feet of it on one occasion. I think it came to 73 cents, the freight cost me just about as much. I think the rate is 45 cents there—my profit on that was 45 cents. I made a total during that year of \$23.74, there are all my vouchers (producing vouchers).

*By Mr. Chisholm (Antigonish):*

Q. That is the Railway Department?—A. Yes.

*By Mr. Crockett:*

Q. And did they come to you and buy four feet of pipe?—A. No, I tell you I had the contract for all their pipe and they ordered during the year as they required it, but when I entered into that contract I did not think that we were going to be retailers. We are entirely wholesalers, however we had to take our medicine as it came. With regard to the Department of Militia and Defence I think we have already gone over the profits I made in reference to two wheelbarrows and a truck, also on five vises, one block, one Arbor press and some machinery; that disposes of that. With

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regard to the copper I think you already have the statement of the transaction involving an expenditure on my part of \$75,000. I made a profit of \$317.67, the vouchers are all here, and that is less than one-half of one per cent profit. In connection with this copper I would just like to give a very short statement if the committee will permit me. As you probably know nothing whatever about the subject, I will inform you for your information that there are four grades of copper, namely, 'Lake', 'Mountain', 'Electrolytic,' and 'Casting.' The highest grade is 'Lake' and the lowest grade is 'Casting.' The former is worth considerably more than the latter. It is the toughest of all coppers and is considered by the largest cartridge manufacturers to be the only copper suitable for making shells. Lake copper during 1906 was very scarce and to secure it a handsome premium had to be paid—

Q. You say 'Lake' copper is the only copper suitable for making shells?—A. I say that is what the largest manufacturers of cartridges claim—and this I did, not wishing to take the chances I would be running in supplying Mountain or Electrolytic, both of which might have complied with the war office's specifications, and which I could have bought at considerably less money. Lake copper comes almost entirely from Northern Michigan and is mined in the promontory projecting out into Lake Superior, from which lake the copper derives its name.

On April 12, 1906, I was asked by the department to quote on 180 tons of copper ingot and 38 tons of spelter. These to be entirely in accordance with specifications attached to the inquiry. One fourth to be delivered on or before the 20th of June and the balance during the month of July. In the copper specification there was a clause No. 4 which stated that 'no tender would be accepted without trial of the copper offered unless it was a brand known to be suitable for the purpose required.' On April 23, I quoted the department, on copper a price of \$19 per 100 lbs., and as per their specifications Nos. 150-151. I also quoted on spelter the price of \$11.42 per 100 pounds as per specification No. 7-8-2. Terms not cash payment to be made as promptly as possible after the goods had been delivered. I, however, was too high on spelter, and I understood my quotation was the lowest on copper.

*By Mr. Crocket:*

Q. Mr. Coghlin, of Montreal, was the same price as you?—A. So that we were both the lowest.

Q. And Mr. Vogelstein was \$18.95?—A. But it would not come up to the specifications.

Q. And then he insisted upon the payment on arrival?—A. Yes. Mr. Coghlin, I understood, got the spelter and I got the copper.

On June 5th I shipped from Hancock, Michigan, 90,000 lbs. of copper and on June 14th I informed the department of this fact and advised them that this was lake copper and was as far as I could ascertain the only grade which was fully up to their specifications.

Q. Have you any letter to that effect. I do not find any on the file?—A. I do not know whether it is on the file.

Mr. CROCKET.—I think, Mr. Chairman, this whole matter has been gone over, we have all the records there, and I do think it is necessary for the witness to put this statement upon the record. It is, to my mind, an incorrect summary of the facts as disclosed on the records that are already in the case.

WITNESS.—I want to give it in a consecutive form.

Mr. MACLEAN (Lunenburg).—I think it is right to allow the witness to give a narrative of his transactions with the government if he desires to do so.

Mr. CROCKET.—I think it is unfair for a witness who has been examined on the one side by myself and on the other by Mr. Maclean to come back here and read a statement that has been prepared.

WITNESS.—Carefully prepared.

Mr. CROCKET.—And which does not set out the facts, he is putting on the record

those things which he desires to have recorded, and is omitting those which he does not wish to have recorded.

The CHAIRMAN.—You will have the right to cross-examine him.

Mr. CROCKET.—What is the use, I do not want to take him over the ground again. I point out to the committee that all these things have been threshed out already.

Mr. MACLEAN (Lunenburg).—I did not examine the witness very carefully when he was before the committee on a previous occasion, there are many things I neglected to ask him about. For reasons of his own he asked to be allowed to make a statement and I think, Mr. Macoun, you had better just read that statement, without comment; do not make comments as you go along.

The CHAIRMAN.—This is a sworn statement, he has sworn to give an accurate statement.

Mr. CROCKET.—He has given the effect of certain correspondence which is not on the file.

A. I think that letter is on the file.

Mr. MACLEAN (Lunenburg).—Go on, Mr. Macoun, but do not make comments.

A. I asked that the copper should be tested at the earliest possible date and a remittance forwarded on July 2nd. And on the same date I wrote to Colonel Gaudet that the shipment would likely arrive that week and advised him that it was fully guaranteed by the Franklin Mining Company, and was similar to that supplied by the C. & H. Co. whose mines were about two miles distant and who are filling the balance of the order next August. I received on June 16th a letter from the department stating that the appropriation from which my account should be paid was exhausted, but that it was expected that further funds would be available on July 2nd. If so, my account would then be settled. But provided that prorogation had taken place. On July 21st the Dominion Arsenal wrote to forward the balance of the shipment in one lot early in August and further that the first shipment of copper arrived in Quebec on June 26th. On July 19th I received a cheque for \$14,000 and on August 8th the balance due. I cannot explain why this was not forwarded earlier, as Col. Gaudet stated that it only took about four days to make the test. In this connection I would point out that copper had advanced fully 10 per cent since the order had been placed so that they had on July 19th besides the \$2,892.98 held back a further margin of \$1,700. Surely a total margin of \$4,600 was sufficient protection. If my memory serves me rightly the cause of the delay was that the chemist at Quebec was absent owing to the illness of his mother, and there was no one qualified at the arsenal to carry on his work. I do not know why Col. Gaudet should have doubted for a moment whether this copper would have been fully up to the specifications as I find on April 1, 1906, he writes that, 'we find the following brands of copper and speltzer are suitable for our work,' and amongst those named, he mentions, 'Lake Superior, Calumet and Hecla.' However, the department knew all this, knew that the copper I had delivered was a copper that had been used before and had been found entirely satisfactory. They knew the copper had been lying at Quebec for several weeks and that the tests if promptly taken in hand on the arrival of the copper, would have been completed prior to July 19th.

Now in reference to the copper shipped in August by the C. & H. Co. We have the following information. On August 11th 120,000 lbs. were shipped valued at \$22,800. On August 16th, 60,000 lbs. valued at \$11,400. \$34,000 in all. On August 17th two cars 122,400 lbs., comprising the balance of the shipment and valued at \$23,256 were forwarded. All of this copper was on the way on August 18. It was consigned to the Dominion Arsenal at Quebec and I had no right or title to it. Further I find that on August 18 I had delivered to the department the bill of lading covering the first three cars which as stated already amounted to \$34,200 and I received a cheque on account from the department for \$33,000, so the department still held back \$1,200, and in addition were further protected by \$23,256 worth of copper which was consigned to themselves direct and not to me. Two days later I



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handed them the bill of lading covering the last two cars valued at \$23,256 and received a cheque on account for \$22,500 so that the department still held back \$1,956 which would have been more than sufficient to have prepaid the freight back to New York or Europe had the copper proved to be defective. In addition to this please note that the copper had advanced more than 10 per cent since that order had been placed, so that in addition to this \$1,956 they had on these August shipments a safe margin of a further \$6,000. Surely a margin of \$8,000 should be sufficient protection.

The Militia Department had in addition to the sum held back and the 10 per cent advance in copper, my own personal guarantee that the copper I was supplying was fully up to specifications, and I on my part had the guarantee of the Franklin Mining Company and the C. & H. Co. that they were supplying the most satisfactory copper for cartridge purposes and that it would be fully up to the government specifications, copies of which I sent them on two separate occasions. In reference to the payments being made in advance this was the usual custom of the government. I received no special favouritism, other contractors had always received advances provided the department had a guarantee that the metal they were supplying would be fully up to the specifications. In one case I understand that even before the bills of lading were delivered by the contractor that large payments had been made. Why, therefore, should the department not pay me in advance of testing when the copper was consigned to themselves alone and they further had the bills of lading and knew that it was 'Lake' copper which was known to be suitable for cartridge making?

*By Mr. Crocket:*

Q. Mr. Macoun, in reference to those goods that you sold to the Railway Department, do you say that you sold them as agent of the manufacturer?—A. I am agent to Bellhouse, Dillon & Company.

Q. Of the manufacturers?—A. Bellhouse, Dillon and Company are manufacturers in Scotland, I think.

Q. You mention a variety of goods that you sold to the department, such as brushes, water pails, fire clay?—A. Yes, I represent the Canada Paint Company. For instance Bellhouse, Dillon & Company, Limited, for the fireclay, the Canada Metal Company for the pipe and then there are some brushes, from the Skedden Brush Company, Hamilton.

Q. Now, the Militia Department or the Railway Department did not deal with you as agent of those companies, they dealt with you in your own personal capacity?—A. I am agent of those companies and look after their business.

Q. These bills that you produce here show that those concerns, the Canada Paint Company, and others, bill you directly for the goods which the bills set out have been sold to you?—A. Yes.

Q. And you sell them to the government; the government does not know these houses in the transaction at all, they deal direct with you, isn't that correct?—A. No, not correct, it is to a certain extent. The Canada Paint Company invoiced the I. C. R. and the I. C. R. wrote them returning their invoices and saying that the order had been placed through me and that the goods should be invoiced through me. I merely acted as agent to the Canada Paint Company.

Q. You got these orders from the Department of the Government and forwarded them to the manufacturers?—A. To my principals.

Q. And they sold them direct to the department?—A. Certainly, I am merely their agent.

Q. You never buy things, you merely get orders, turn them over, collect the bills?—A. I am just manufacturers' agent.

Q. And you get your own profit?—A. Yes.

Q. You seem to be acting for a great variety of businesses, in that explanation that you gave this morning, and the file that you produced it would appear that you were getting orders upon the Canada Paint Company?—A. I have represented them for years.

Q. And if I could buy these goods and turn them over to the government?—A.

Oh, no.

Q. This paint that was sold by you to the Intercolonial Railway was got from the Canada Paint Company, Montreal, was it not?—A. I just turned the order over to my principals, I represent them here, I am their agents.

Q. You bought the paint from them, turned it over to the government at an advance, billed the government in your own name, got the government's cheque and paid the Canada Paint Company?—A. I am their representative, I am not on salary, but on a commission basis, that is the usual way.

Q. That is not the case as far as it appears here, you did not deal with the government as agent of these companies at all, you dealt with them directly, the government addressed the order to you direct and you go out and buy the goods where you can make the best bargain?—A. It is not fair to say that, I did not buy them.

Q. Does not this bill show this, 'L. S. Macoun, Ottawa, in account with the Canada Paint Company'?—A. I think I have represented that firm for the last eight years.

Q. The bill is \$127.10, you billed the government at your own prices?—A. No, I billed the government at the prices they quote me.

Q. Do you?—A. At prices that the Canada Paint Company quote me.

Q. Oh, no, that is not so?—A. Yes, that is true, they tell me, you are to quote so much.

Q. Then you do business for nothing, do you?—A. In some cases, yes, I do it at a loss.

Q. You are doing business with the government at a loss?—A. In some cases.

Q. What business?—A. Well, in connection with those pails I have shown a loss of 45 cents.

Q. How did that happen?—A. Because I sold at the price the Eddy Company quoted me, \$1.70 I think it was.

Q. Did you get a requisition from the Railway Department for those pails?—A. Yes, I tendered for the contract and got it.

Q. You contracted for that particular work?—A. For their full requirements for one year, and they ordered as they required them.

Q. You tendered to supply all the water pails that would be required by the Intercolonial for one year?—A. Yes, that is the way, they have printed bids ready.

Q. And did you supply all the water pails for one year?—A. I fancy so, or if I did not it was a breach of contract.

Q. It is only a very small order?—A. I think that is all, I had the contract for supplying all the water pails, the payments in the Auditor General's Reports there will show.

Q. There must be some mistake about that if you were asked to tender for all the goods of a certain kind that the railway required for one year, that is not the practice of the department, is it?—A. Yes, this is in those printed forms.

Q. I think you are mistaken?—A. Oh, no, I am not.

Q. You inquired to see what you could get the pails at?—A. Yes, I just asked the Eddy Company for their price.

Q. And you quoted them at the price they gave you?—A. Yes, I did.

Q. And did the Eddy Company ship the goods direct to the railway?—A. Yes.

Q. And they billed you?—A. They billed me.

Q. As having sold the goods to you?—A. As having sold the goods.

Q. Then you billed the government or the Railway Department?—A. Yes.

Q. Do you wish the committee to understand or believe that you made no profit at all, that you were doing this for your health?—A. I did that for my health.

Q. For your health?—A. Yes, you have the papers in your hand there.

Q. Was your health very much in need of treatment at that time?

Mr. MACLEAN (Lunenburg).—Explain what you mean by 'health.' Mr. Crocket.

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A. Those pails; there are the invoices; they cost me \$1.70, and I sold them to the government at \$1.70. I lost whatever freight was to be deducted from that amount.

Q. Did you know you were going to lose on that?—A. I knew I was going to make nothing, but I did not expect to lose anything. The last order for buckets was for six dozen, and I think it was on the 6th of April, 1906, or the 7th, perhaps. It was just a question whether it was within the terms of the contract. The order arrived when the contract had expired, but I felt in honour bound to fill the order and lose the freight. I would have made 61 cents, I think, if it had not been for that, because there was 2 per cent profit for cash in ten days, and as the Intercolonial did not pay for nearly three months that could not be considered as a profit.

Q. So that it is hardly right to say that you went into it entirely for your health, you went into it to make 61 cents?—A. No.

Q. And you were disappointed?—A. No, I was not disappointed.

Q. You said you expected to make 61 cents, I thought?—A. No, I did not.

The CHAIRMAN.—He said he should have made 61 cents.

A. I said I should have made 61 cents.

*By Mr. Crocket:*

Q. Did you expect to make 61 cents?—A. Supposing I had paid the Eddy Company at three months I would not have made anything, but having a little money on hand at the time, \$10 or \$12, I made use of it; I received my own with usury.

Q. This statement is simply a summary that you have prepared yourself, there are no vouchers in support of it?—A. It is all in the Auditor General's Report, what more do you want? And here is my ledger itself (producing ledger).

Q. Now, there is a firm you seem to have bought machinery for the government from, B. & S. H. Thompson & Co.?—A. I have represented them ever since I was in business.

Q. Where do they do business?—A. At Montreal.

Q. At Montreal?—A. Yes.

Q. These bills are for copper tubing?—A. Copper tubing; I run to copper a little, you see.

Q. You run to copper, do you?—A. Yes.

Q. And this copper tubing was for the railway?—A. Yes, for the railway.

Q. And this was bought by you from the B. & S. H. Thompson Company Limited and turned over to the department in the same way?—A. Yes, I represent them and I asked for their quotation to submit to the Intercolonial Railway, they did that and then either credited me at the end of the year with my commission or else deducted it from my account.

Q. In all these cases, as you have told us the other day, you are on the patronage list of the department?—A. No, I did not, I said I think I am on the patronage list.

Q. Have you found out from examination? You believe that is a fact?—A. I believe that is a fact. I do not know.

*Mr. Reid (Grenville):*

Q. How do you get on the patronage list?—A. I believe that is in evidence.

*By Mr. Crocket:*

Q. You told us that you were on the patronage list of the department?—A. Yes.

Q. In all these cases, as I understand it, you get notice from the department when they want goods of any kind?—A. Yes, there are printed circulars sent out, I think they are advertised in the papers, I think I have seen the papers containing that.

Q. With them went an enumeration of certain goods and asking you to give your prices for their supply. Then you inquired of these different companies and got their quotations, and after getting their quotations—A. I turned the matter over to my principals, if that is what you mean.

Q. That is you say you turned the circular over?—A. Their part of it.



Q. The requisition that you got?—A. Sometimes these circulars request the prices of a whole lot of things I do not represent and the parts I do represent I send over.

Q. You make a quotation to the government after finding out what you can buy these goods for?—A. After ascertaining from my principals what they wish to quote.

Q. What they quote to you?—A. What they wish me to quote to the government. I am only their agent.

Q. Now, Mr. Maclean, neither the Auditor General's Report nor these vouchers, as you call them that you produced this morning, say that?—A. They are vouchers.

Q. They show that in all these cases you bought these goods from the manufacturers?—A. I bought from my own people.

Q. And sold to the government at your own prices?—A. No, I did not. These are the prices that are quoted by these people here. They are not my prices. If I had quoted I would have quoted a great deal more.

*By Mr. Maclean (Lunenburg):*

Q. What Mr. Crocket means is that these bills are made out direct to you?—A. Well, because they are dealing with me direct.

*By Mr. Crocket:*

Q. Certainly?—A. I would much sooner these people would invoice their own stuff but I invoice it for them.

Q. Can you explain to me how it is that neither the Militia Department nor the Railway Department buy from the Canada Paint Company directly, that they find it necessary to buy from you?—A. They do not find it necessary.

Q. How is it that they do not deal direct with the Canada Paint Company?—A. They do not find it necessary to buy direct from me. I am their representative at Ottawa. I have been long before I ever sold a cent to the government.

Q. There is no need of going over that?—A. You want to make insinuations.

Q. You have not acted as agent for all these companies in your dealings with the government?—A. I did.

Q. The record does not show that, you are labouring under a complete misconception?—A. Oh, no. I am the agent. I write them for prices and turn them over to the government with my name signed.

Q. Neither do you act as broker, you act as a plain middle man?—A. No, I do not, I act as the agent for these companies. I hope that Mr. Crocket does not think that I have been making an undue profit.

Q. Not if it is true that you have been losing on these things?—A. I do not say that I have been losing on anything.

*By the Chairman:*

Q. Your profits came from your principals?—A. My profits do not come out of the pockets of the government, they come entirely out of the pockets of the firms I represent in this city.

*By Mr. Maclean (Lunenburg):*

Q. Your principals will sell just as cheaply to the government via you, as they will direct to the government?—A. Oh, certainly. I just ask them what they want to quote that is all. They can quote direct if they want to but I am here on the spot and I suppose know where to send things to and all that. There is nothing to hide at all. I have got a statement here that I wanted to read.

Q. What is that?—A. I have a statement here of profits and things. I do not think my profits were outrageous.

Q. You have finished that statement, have you not?—A. No. This is another one that I have prepared. I do not want to be paraded around as a man who is getting rich quick.

Witness discharged.

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Mr. J. A. McCANN called, and sworn, and examined.

*By Mr. Maclean (Lunenburg):*

Q. You are in the Militia Department?—A. I am.

Q. What is your position?—A. Well, I am a first-class clerk, assistant to the director of contracts.

Q. You are assistant to the director of contracts?—A. Yes.

Q. Then you would have knowledge of all contracts made and goods purchased and sold?—A. Nearly all.

Q. This inquiry has had to do largely with purchases from Mr. L. S. Macoun or principals of his?—A. Yes.

Q. You have been here during the last few days that this inquiry has been going on?—A. During the last few days.

Q. I want to call your attention to the purchases of copper. Do you know the various steps taken in this matter?—A. I do.

Q. In your opinion upon what ground was Mr. Macoun's tender accepted?—A. Because it was one of the two lowest tenders.

Q. One of the two lowest tenders?—A. Yes, regular tenders without conditions.

Q. There was a New York tender a little lower, was there not?—A. There was.

Q. Why was it declined?—A. Solely upon the ground that the tenderer would not guarantee the quality.

Q. Would not guarantee the quality?—A. Solely upon that ground and upon my recommendation.

Q. That statement that was made for the Minister of Militia—?—A. It was prepared by me.

Q. Prepared by you, was it? And all the printed memoranda throughout were your statements?—A. Yes, they were.

Q. This copper supplied by Mr. Macoun came from one mine with the exception of the first shipment?—A. It came from Lake Superior.

Q. Lake Superior?—A. Yes, the copper district of Lake Superior.

Q. The first shipment was other copper?—A. From the Franklin copper mine.

Q. Now, Mr. McCann, the gravamen of the charge in this connection is that this copper was paid for prior to inspection, and it was also said prior to delivery. Have you any statement to make in connection with that?—A. The papers show that instalments were paid on account of the copper, the payments in August possibly, before the copper reached Quebec, but not until after we took delivery in the shape of all the documents endorsed over the department. The copper for which Mr. Macoun received one cheque in July and the other one, a cheque for the balance, later on, was delivered at Quebec in June or previous to any payment having been made, of course.

*By Mr. Daniel:*

Q. How would you know when Mr. Macoun received a cheque?—A. Well, I think I recommended myself that a cheque should be issued to Mr. Macoun on account.

*By Mr. Maclean (Lunenburg):*

Q. Were you responsible then for these payments?—A. I was responsible for the recommendations of advances to Mr. Macoun, payments on account.

Q. These recommendations did not emanate primarily from the minister?—A. They did not, most certainly not. That is a very unusual thing.

Q. How long does it take to make an analysis of this copper?—A. We had a couple of years before this copper was bought from Mr. Macoun, a statement from the superintendent of the arsenal that it took four days.

Q. Who is he?—A. The superintendent of the arsenal?

Q. Yes?—A. Lieutenant-Colonel Gaudet.

Q. Had Colonel Gaudet ever before recommended payment prior to delivery in previous transactions?—A. Well, he had, as I will explain, yes. In 1904 the depart-

...ent purchased some copper which, in my memory serves me, was consigned to the Bank of Montreal in Quebec for the contractor. The Bank of Montreal, who held the papers, would not deliver the copper until after they received an instalment on account and that instalment was paid.

Q. Can you give the reasons why you recommended this payment before actual delivery or before inspection, whichever it was?—A. Well, there are several reasons which, taken together, warranted me in making the recommendation. One was the terms of the tender, or of the specification which accompanied the invitation to tender, wherein it was stated that copper of brands known to the department were workable in the arsenal.

*By Mr. Crocket:*

Q. Will you turn up where it says that, I want you to be accurate about it?

Mr. MACLEAN (Lunenburg).—It is in the specification.

A. It is paragraph 4 of the specification wherein it is stated (reads):

No tender will be accepted without trial of the copper offered unless it is of a brand known to be suitable for the purpose required.'

*By Mr. Maclean (Lunenburg):*

Q. What knowledge did you have that this copper was of the character required?—A. Why the superintendent of the arsenal had intimated two years previously that certain brands were suitable for work in the arsenal there.

Q. I see?—A. He named over 10 or 12 brands.

Q. And these?—A. And these were included among them.

Q. And you knew that the copper coming from Mr. Macoun was one of those brands? It was on account of this memorandum or statement of the superintendent of the arsenal that you concluded?—A. We knew that the specification admitted of it. We knew that the superintendent of the arsenal had stated that copper of this brand was suitable for work in the arsenal. We further possessed, or had been given possession of, the bills of lading endorsed over to the department and had protected ourselves in every way we could see was essential.

Q. And at the time you recommended this payment had the price of copper fallen or risen?—A. When the payment made on the 18th August was recommended we knew that copper had advanced over 10 per cent. If you would permit me I can refer you to *The Hardware and Metal Journal* of the 18th August, 1906, where, on the 31st page, the Montreal quotations are given for Canadian metal markets. It is stated there (reads):

'Copper remains steady and is very firm. There are no great stocks on hand in Montreal, and jobbers are not showing much anxiety to sell at current prices as higher figures are looked for.'

As a matter of fact copper continued to rise in price until it reached about 21 cents. In another column it states (reads):

'COPPER.—The light stocks on hand here have made dealers not over anxious to sell. The market is very firm at the following prices: Ingot copper, 21 c. to 21½c. Sheet copper, base sizes, 25c.'

The contract price was 19 cents.

Q. As a matter of fact you were advised of the receipt of most of this copper at Quebec, were you not, before you recommended payment?—A. We had been advised of the receipt of the first lot.

Q. And of the second lot?—A. Of the second lot we had been advised of the shipment of it about a week previous, or more, and had the bills of lading.

Q. So the result of this is: under that clause of the specification, which forms a part of the contract, you considered you were justified in paying for that copper when you did?—A. We considered we were quite justified in paying for it notwithstanding what the superintendent of the arsenal had stated in one of his minutes,



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which I heard read the other day, because two years prior to that the superintendent of the arsenal had recommended that advances be made.

Q. To whom?—A. To the contractor for that year.

Q. Who was he?—A. Mr. Coghlin, I think, Mr. J. B. Coghlin.

*By Mr. Crocket:*

Q. That was in the case of the Bank of Montreal?—A. Yes, that is the one. He also recommended—an advance on lead was also made to Mr. Coghlin and later on another advance was made. It has not been a very unusual thing to make these advances.

*By Mr. Maclean (Lunenburg):*

Q. Has the fact of the department buying through the agent of principals increased the price?—A. Well, I don't know of a single case where it has, sir, and we have had numerous cases; in fact I can recall one case which was recalled to my mind by some questions relating to the Canada Paint Company. As a matter of fact we invited this spring, quotations for paint from the Canada Paint Company, from their principal here and from a firm in the city.

Q. From their agent here you mean?—A. From their agent, from Mr. Macoun their representative. Their quotation was exactly the same as Mr. Macoun's and another firm actually quoted lower than the Canada Paint Company although they supplied paint made up by the Canada Paint Company. And besides that it is quite well understood that principals will not quote lower direct to the department than through their representatives.

Q. So there is, as a matter of fact, nothing in this cry against purchasing through the middleman is there?—A. So far as we know, so far as I know.

Q. That is true of commerce generally?—A. True of commerce generally. Why it is unheard of in my experience, it is unheard of altogether for a house to quote lower than its representative will. Why a representative would not stay for a day with a house that would quote lower to a customer than he is permitted to do; in fact it is the very reverse.

Q. In your experience the Militia Department cannot buy any more cheaply by dealing directly with the principals, than they can by dealing through their agents in Ottawa or elsewhere?—A. They are not expected to.

Q. Is there anything else you wish to say about this matter?—A. Nothing except that personally I know the whole transaction was absolutely, was perfectly defensible. There was nothing unusual about it at all.

*By Mr. Crocket:*

Q. Mr. McCann you say that Mr. Macoun's tender was accepted because it was one of the two lowest tenders?—A. Regular tenders.

Q. Regular tenders?—A. Yes, without conditions. I think I mentioned without conditions, tenders without conditions.

Q. You added afterwards, regular tenders without conditions. Now, as a matter of fact, there were three tenders?—A. There were three tenders.

Q. One was for \$18.95?—A. It was.

Q. Per hundredweight. Mr. Macoun's was \$19 and the tender of Mr. Coghlin of Montreal was \$19?—A. The same figures exactly.

Q. Will you explain why it was that Mr. Macoun, whose price was the same as Mr. Coghlin's, was preferred to the latter gentleman?—A. Well I could not say that I am sure.

Q. You cannot give any explanation of that except the fact that the minister initialed Mr. Macoun's tender?—A. That is all we go by.

Q. That is the only explanation you have to offer?—A. And not only that but it is not an unusual thing for two tenderers to quote at the same price and one is accepted while the other is not. You have got to accept one. That is nothing unusual.

Q. In this case Mr. Macoun's tender was initialed by the minister?—A. It was.

Q. Although Mr. Coghlin's tender was the same in every particular?—A. Yes.

Q. And complied with the specification?—A. Just the same as Macoun's. They both tendered on exactly the same conditions.

Q. You say the Vogelstein tender was declined merely on the ground that the tenderer would not guarantee quality?—A. That is correct.

Q. You think that is quite correct?—A. I am absolutely certain it is because I made the recommendation myself.

Q. Well we will see. This is the schedule of tenders here (holding up file of documents) and there are three tenders for copper: L. S. Macoun. Thos. Robertson & Co. No, Robertson is for Muntz's metal?—A. Robertson's tender is for Muntz's metal.

Q. Well the other two tenders are B. J. Coghlin & Co., and L. Vogelstein, at the prices already quoted?—A. Yes.

Q. And Mr. Macoun's tender is initialed by the minister. There is a foot note on the schedule of tenders which refers to the Vogelstein tender?—A. Yes.

Q. (reads):

'The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.'

A. Well that is put right.

Q. Do you say you wrote that?—A. I wrote that.

Q. Will you tell us that it was right to have paid Mr. Macoun even before the copper had arrived at Quebec?—A. I certainly do.

Q. Although you wrote that statement as one of the reasons why the Vogelstein tender, which was lower than Macoun's, could not be entertained?—A. Pardon me I do not state it was one of the reasons why Mr. Vogelstein's—

Q. Is not that there?—A. Which?

Q. Exactly as I have read it?—A. It is but that is not the reason for the rejection of his tender.

Q. Why did you put there 'another condition—payment on arrival—could not be agreed to'?—A. We put these things before the minister for his full information. The reason it could not be agreed to was because he would not guarantee his copper. Now had—

*By the Chairman:*

Q. Go on?—A. To show you, had he guaranteed his copper, the department might have consented, under his guarantee, to pay him an instalment on arrival of the goods at Quebec, but they could not undertake to pay the whole thing without any guarantee.

*By Mr. Crockett:*

Q. You do not desire to alter the statement you wrote on the schedule of tenders at that time in connection with the tender of Vogelstein?—A. Certainly not.

Q. 'Another condition—payment on arrival—could not be agreed to, as testing before acceptance was necessary'?—A. Yes.

Q. That is what you understood under the specification at that time, that testing before acceptance was necessary?—A. Taken in connection—

Q. And that appears on a minute explaining the fact that the Vogelstein tender could not be entertained?—A. Taken in connection with his statement in his tender that he would not guarantee the quality.

Q. Yes, I understand that. At that time the department had a letter from the Vogelstein firm stating just to what extent they would guarantee, had they not, and a telegram?—A. Certainly.

Q. (reads):

'Referring yours twelfth addressed Orford Copper Company offer hundred eighty tons prime electrolytic ingot copper guaranteed ninety-nine decimal ninety copper

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contents not guaranteeing impurities detailed your specification delivered as requested eighteen ninety-five f.o.b. Quebec cash arrival wire if accepted.

(Sgd.) L. VOGELSTEIN & CO.

A. The department buys this——

Q. On that telegram the words 'not guaranteeing impurities' and 'cash arrival' are underlined. These were the objectionable features. In addition to that you had a letter from them stating that it was impossible to guarantee beyond 99.99?—A. Impossible for them.

Q. And explaining also that it was impossible for anybody to guarantee to a point beyond that?—A. That was simply their statement. The department buys upon its own specification not upon anybody's else's.

Q. That is sufficient for that. Now you say you are responsible for these payments to Mr. Macoun?—A. I take full responsibility for the recommendation.

Q. And you recognize, do you not, that you are responsible to the minister?—A. Certainly.

Q. And I suppose you do not care to do things that you know the minister would disapprove of?—A. I would not think of doing such a thing.

*By Mr. Hughes (Victoria):*

Q. If it were your duty?—A. Naturally.

Q. What is that?—A. Naturally in the discharge of my duty in the department. That is understood I suppose.

*By Mr. Crocket:*

Q. I suppose you did not anticipate that you would be called down by the minister in this case?—A. Well I don't know whether the minister knew anything at all about that case at the time, about these payments.

Q. Now you say, Mr. McCann, do you, that it was solely on clause 4 in the specification that you made these payments?—A. Not at all, I did not say any such thing.

Q. Before delivery?—A. Not at all.

Q. Was that not the explanation and the justification you gave for the payments before delivery?—A. If the reporter's notes are referred to I think you will find that is not so. I said taking that and taking the intimation we had from Col. Gaudet that that brand of copper was workable in the arsenal, also taking into consideration the fact that we had received delivery of the papers in connection with the copper, and further that the price of copper had advanced and that we were withholding a certain sum. I took all these into consideration in recommending the advance to Mr. Macoun.

Q. Well there were four reasons that entered into it?—A. Four or five.

Q. One of which is clause 4 of the specification?—A. That is it.

Q. Another was the advance in the price of copper?—A. That is another.

Q. And what were the others you mentioned?—A. The intimation to the department by Lt.-Col.——

Q. By Lieutenant-Colonel Gaudet two years ago?—A. That these brands were workable.

Q. And what was the other?—A. The other was that we withheld part of the invoice price and another that the papers had all been delivered over to us, endorsed over.

Q. I am going to read from the specification (reads):

'(3) Specimens will be taken indiscriminately from the supply and chemically analyzed to ascertain if the metal conforms in quality to the above conditions.

'(4) No tender will be accepted without trial of the copper offered unless it is of a brand known to be suitable for the purpose required.'

That is what you relied upon?—A. Yes.



Q. (reads):

'The supply will be subject to the inspection and approval of an officer of the department.'

A. Yes.

Q. Clause 4 does not relate to the question of payment at all, Mr. McCann. It says 'No tender will be accepted without trial of the copper offered.'—A. Yes.

Q. 'Unless it is of a brand known to be suitable for the purpose required?'—A. Yes.

Q. That is that no tender would be accepted without trial?—A. Yes.

Q. Mr. Macoun's tender was accepted without trial?—A. The brand was known.

Q. That is to say that clause would justify the acceptance of his tender?—A. Yes.

Q. Do you tell this committee that, in view of the other provisions in the specifications, that would justify payment before arrival?—A. I think the whole five reasons I gave justify the payment taken together.

Q. Do you think that would at all justify, in connection with other reasons, payment before the arrival of the copper at Quebec or before testing?—A. Taken alone by itself it would not.

*By Mr. Ross (Cape Breton):*

Q. Payment in full?—A. Well the honourable gentleman said if taken alone. I said it would not taken alone, because that left out of account the getting the shipping bills endorsed over to us, the value of the copper and other conditions.

*By Mr. Crocket:*

Q. Did you prepare this specification?—A. I did not.

Q. Did you see the specification before the contract was let?—A. I did.

Q. Have you any doubt in saying, with reference to the clause, 'No tender will be accepted without a trial of the copper offered unless it is of a brand known to be suitable for the purpose required'—that this refers only to the acceptance of the tender?—A. Certainly.

Q. And Mr. Coghlin's tender offered a brand that was known?—A. Yes.

Q. And there was no trial of his copper and no trial of Mr. Macoun's before the acceptance of the tender?—A. What do you refer to in connection with Mr. Coghlin's name?

Q. Mr. Coghlin was one of the tenderers?—A. For this particular copper, yes.

Q. His tender could have been accepted?—A. Yes.

Q. Without a trial of the copper offered if it was of a brand known to be suitable?—A. Yes, that is quite right.

Q. And Mr. Macoun's could have been and was?—A. Yes, and was.

Q. Then you appreciate the distinction, do you not, between the acceptance of a tender and the provision for payment?—A. Well, these all have to be taken together. At least I have taken them all together.

The CHAIRMAN.—What constitutes the contract? That is the better way to put it.

*By Mr. Crocket:*

Q. What does it mean that it is subject to chemical analysis, that it must conform to the specifications and be subject to the inspection and approval of the officer of the department?—A. Yes.

Q. That clause 4 of the specification is one reason, no another reason you say was that this was known to be of a brand suitable?—A. Yes.

Q. And that it was so reported by the superintendant of the arsenal?—A. It has been so stated.

Q. You are familiar with the papers on the file?—A. Yes, I think so.

Q. Do you not know that the superintendant of the arsenal while that copper was at Quebec was to the department protesting against payment before inspection and

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pointing out the risk that the department would run by making such payment?—A. Yes, I know that, but I know further that that recommendation was not consistent with previous recommendations of his. Further I might say that it was thought that the officials of the department, the deputy minister and those connected with that work, were just as qualified to judge of whether there was any risk or not as the superintendent of the arsenal, and that we were as careful to look after the public interest as he was; and the correspondence in connection with the invitation for tenders, and nearly all the correspondence in connection with the awarding of the contract and all that was looked after in the department, and we knew something about that just as well as the superintendent of the arsenal did. And we were as careful to look after the public interest. The accountant, the deputy minister and myself were concerned in that and not one of us would, for one moment, dream of making an advance that would be a risk to the department.

*By Mr. Hughes (Victoria):*

Q. Tell me what it is that the superintendent of the Dominion Arsenal did? I just caught you saying he did something.

Mr. CROCKET.—The superintendent of the Dominion Arsenal in connection with this shipment wrote to the department when it was suggested that payment should be hurried up, stating that payment should not be made before the test, as on account of the great amount involved in that, there would be great risk if payment were made before the test.

*By Mr. Hughes (Victoria):*

Q. The superintendent of the Dominion arsenal wrote that to whom?—A. To the secretary.

Q. What authority had the superintendent of the Dominion arsenal to write that letter?—A. I do not think he needed any further authority than his jurisdiction as superintendent of the arsenal.

Q. Has he been in the habit of securing copper himself, personally?—A. As far as I know he is the principal man—

Q. Had this officer ever been in the habit of ordering copper for the arsenal?—A. I could not answer that, but for two years' previous we had been ordering it from headquarters, and we have been subsequently.

*By Mr. Reid (Grenville):*

Q. Is the superintendent of the arsenal a practical workman?—A. He is the superintendent of the arsenal, he is a graduate of the Royal Military College and he went over to England two or three times to study up matters at Woolwich arsenal, gaining all the information he could.

Q. And he was a practical man?—A. Well, he doesn't do the testing to see whether the copper is right.

*By Mr. Crockett:*

Q. He is responsible for the administration of the arsenal?—A. Yes, that is it.

*By Mr. Reid (Grenville):*

Q. What I want to know is if Mr. McCann claims that this man has knowledge as a practical man and a judge of the quality of copper?—A. I would not like to say that; he depends upon the analysis, so far as the chemical qualities go, and upon the practical working up of the material in the factory.

*By Mr. Crockett:*

Q. So you do not care in this case to adopt the statement of the superintendent, Lieutenant Colonel Gardet; at least in this case you did not, although it was in the form of a letter strongly protesting against payment for the copper then being there

at Quebec?—A. We considered it was entirely outside his province to make such a recommendation.

Q. You seek to justify this payment by the statement that this same superintendent made two years ago, a report that this copper was of a brand suitable for the purpose, is that the position you take?—A. Have you finished your question?

Q. Yes?—A. I have told more than once the stand I take, but I will repeat it here, that I did not take it upon the statement made two years ago, but we took it on our own knowledge of conditions here, and we know that this same superintendent of the arsenal two years previous had recommended payment before inspection, so that his last recommendation was not at all consistent with the other one.

Q. You chose to adopt the first made two years ago, and to turn down the recommendation he made in regard to this particular shipment?—A. I will answer that in my own words. You say we chose to do that, that we chose not to act upon this last recommendation.

*By Mr. Hughes (Victoria):*

Q. Yes, tell me when was this last recommendation made, before delivery at Quebec?—A. The first one was made two or three years ago.

Mr. CROCKET.—It was made when the copper was lying in Quebec waiting the test.

*By Mr. Maclean (Lunenburg):*

Q. That was the Franklin copper?—A. Yes, it had been delivered, it was certainly three weeks previous, the copper reached there about the 26th of June and the cheque was not issued until some time in July, on the 14th or the 18th of July, I think, and it would have taken only four days to analyse the copper.

Q. When was this letter written?—A. I do not remember the date, some time in July.

*By Mr. Crocket:*

Q. It was while the copper was lying there awaiting the test. And notwithstanding that protest when the other copper was shipped there, 154 tons odd afterwards, you paid for it while it was in transit, practically the whole amount?—A. After we had received the bills of lading endorsed over to us.

Q. That disposes of two reasons. Now another reason you say was that copper was advancing?—A. Yes.

Q. What had you to do with that? You had a contract with this man, Mr. Macoun, to put this copper in at \$19 a ton. What had you to do with what the market price of copper was, to see how his contract was effected?—A. If the price of copper had fallen to \$15 we would not have made an advance of that nature.

Q. If the price had fallen you would not have made the advance?—A. Not an advance to that extent, certainly not.

Q. You had a contract with Mr. Macoun to put that copper in at \$19 per hundred weight?—A. Per hundred pounds.

Q. And when you signed that contract with him your interest in that was done, except to see that Mr. Macoun filled his contract, was it not?—A. Certainly.

Q. And yet you tell this committee that one element that entered into this matter of payment before delivery was that the price of copper had risen?—A. I did not say anything of the kind, at least I do not remember saying that. I say that was one of the reasons that we felt warranted in making an advance to Mr. Macoun because we would take no risks as far as copper was concerned; if he had the money we had the copper and it was worth more at the time than we were paying.

Q. Was Mr. Macoun required to make any deposit in connection with this contract?—A. No, nor were any of the tenderers asked to make a deposit.

Q. And the department held no security?—A. Well, it hadn't paid for the copper.

Q. Yes, but it did pay for the copper before it became the property of the department?—A. How do you mean, no security from the tenderer or contractor?



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Q. Did you have any security for the fulfillment of the contract?—A. No.

Q. You had no security at all?—A. No security, if he did not perform his contract he wouldn't have got any money.

Q. And he was paid before he performed his contract and while the copper was in transit?—A. Pardon me, after he had endorsed all the bills of lading for the whole of the copper to the department we had possession of the copper.

Q. That is all you had. Was not that handed by him to the department to show the department that the copper had been shipped?—A. Oh no.

Q. Did not his contract require delivery of that copper at Quebec?—A. He could have notified us——

Q. Did it not require delivery of the copper at Quebec?—A. Have you finished your question?

Q. Yes?—A. He could have notified us of the shipment of the copper without sending the bills of lading, he could simply have written us a letter.

Q. Did not the contract require delivery of the copper at Quebec?—A. It did.

Q. It did?—A. Yes.

Q. And in addition to the specifications that we have referred to, wasn't there a clause in the letter inviting the tenders, 'these metals will be tested as soon as possible after delivery'?—A. Yes.

Q. 'And if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted'?—A. Yes.

Q. It also says, 'That there may be no misunderstanding regarding the quality it must be understood that as the copper and spelter are required for a special purpose they must conform to the specifications otherwise they will not be accepted as the department has no other work in which to use them'?—A. Yes.

Q. You are aware that is in the letter?—A. Certainly.

Q. And notwithstanding that upon the mere production of the bills of lading you paid them for 60,000 lbs. of copper?—A. Pardon me, I did not.

*By Mr. Reid (Grenville):*

Q. You recommended it?—A. No, not on the mere production of the bills of lading, I gave four or five reasons all taken together.

*By Mr. Crocket:*

Q. But as far as the bills of lading were concerned that is all you did?—A. And the notice showing the brand of copper, and the copper having come into our possession, Mr. Macoun having endorsed over the bills of lading to the department so that no one else could have got that copper, it was our copper.

Q. Do you know that that copper ever had been chemically tested?—A. I cannot say.

Q. Has the department anything to show that that copper was analysed as provided by the specifications, up to this time?—A. Will you pardon me? If you will show me the invoice, the certificate of the superintendent of the Dominion arsenal, I think, is on each one to the effect that the material has been found satisfactory.

Q. Yes, that is fair, it is on the invoices—endorsed with a rubber stamp.—A. Yes, but it is not signed with a rubber stamp.

Q. But it is a rubber stamp certificate?—A. Yes, and nearly every business house in the country uses rubber stamps for endorsements.

Q. They are varying, I believe, those forms of certificate in the different departments?—A. I am not concerned with them, they may be or they may not be, I do not know anything about it.

Q. Is that all you have showing the quality of that copper, that certificate?—A. The superintendent of the Dominion arsenal does not send to headquarters the reports of chemical analyses. We do not ask that, but we take it for granted, and it has never

even been suggested to the contrary, that when the superintendent of the Dominion Arsenal endorses a certificate upon an assay, he takes all the responsibility of saying that all the conditions have been complied with.

Q. And that is all you have up to the present time, that certificate that you have referred to?—A. I do not say it is all, it is all so far as I know of, that is in the department at Ottawa.

Q. I am speaking of the department at Ottawa, so far as you know?—A. Yes.

Q. There are no assayers' certificates that you know of?—A. As a matter of fact the copper has been used up long ago and that is sufficient proof.

Q. I am not asking you about that, if you will just answer my questions I will be much obliged to you.—A. Go ahead.

Q. I am asking you if there are any assayers' certificates, that you know of, showing the quality of this copper and the presence of these impurities?—A. I have not seen any, they are not sent to the department headquarters, I have no doubt they are in the arsenal.

Q. These tenders were very close, in fact you have said that two of them were equal and another was \$18.95; they were called for to be in on or before the 24th of April, but I see there are no envelopes showing just when these tenders were received?—A. Well, is the schedule dated?

Q. Yes, the schedule is dated but there are no envelopes here showing when they were received?—A. Are there not?

Q. Does the Militia Department keep the envelopes in which original tenders are received?—A. Well, sometimes, it depends upon the clerk who files them; if he thinks his files are very bulky he may put them away, sometimes we do and sometimes we do not keep them.

Q. If the envelopes in this case had been kept they would be on that file, would they not?—A. They would be.

Q. You know they are not on the file?—A. I assume they are not.

Q. And there is nothing to show, except that abstract of tenders, when Mr. Macoun's tender was received?—A. Under oath I state that the tender was received before I made out that schedule.

Q. I do not want you to make any speeches, but to answer my questions?—A. That is my answer.

Q. I am asking you if you can produce the envelope in which Mr. Macoun's tender was received so that we can see whether it came in after the other tenders or before by original evidence?—A. Will you allow me then to give my answer?

Q. Yes?—A. One tender might have come in five days before the other, or four days, or three days, but the tenders are not opened until after the last moment for receiving them.

Q. They are not supposed to be opened?—A. I do not say 'they are not supposed to be opened,' I say 'they are not opened.'

Q. They are not supposed to be opened?—A. I say 'they are not opened.'

Q. But you say in some case you keep the envelope?—A. Well, there are cases where they are, but there is no regular rule of procedure about it.

Q. I notice in other departments, in any matter that I have had come under my notice with regard to tenders, the envelopes are always preserved?—A. Possibly.

Q. I have seen in the Railway Department only the other day where the envelopes were preserved?—A. I have no doubt there are some cases in our department where the envelope may have been preserved by the clerk dealing with it. The fact that one single case is reported from the Railway Department where it was done does not make it a general rule.

Q. I have also seen envelopes in the Interior Department when the files of the original papers were asked for. It is usual to show the envelopes, I think, in that case.

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But in this case they are not there?—A. No, they are not there, but the dates of the letters and the date of the schedule are there.

Q. Now you say the department this year asked for tenders both from the Canada Paint Company and through the Canada Paint Company's agent in Ottawa, Mr. Macoun?—A. Yes.

Q. Did you ask for a tender from Mr. Macoun as agent of the Canada Paint Company?—A. I do not know, I cannot remember, but when we asked it, we knew that he was acting as agent of the Canada Paint Company, and it was as agent of the Canada Paint Company that we asked for a tender. I do not know whether the letter was addressed to him as agent of the Canada Paint Company or not, I do not think it was.

Q. Don't you know that the department deals with Mr. Macoun in his personal capacity without reference to the agency of any company?—A. I do not know that, but there may be some cases.

Mr. MACOUN.—I notified the department I was the agent of the company.

Q. In the case of this machinery that was bought from the Potter Johnston Company, you had a statement from Mr. Macoun that he had been appointed agent of the company?—A. We had.

Q. Now, the department has been communicating directly with the firm?—A. Yes.

Q. And after Mr. Macoun notified the department that he had been appointed agent the contract was closed with him, and then in that case you made the contract, did you not, with Mr. Macoun?—A. We made the contract, it is there and speaks for itself. We notified him that we accepted.

Q. Is it not a fact that he handled the contract in his own name?—A. We notified Mr. Macoun that the prices quoted by the Potter Johnston Company had been accepted.

Q. If Mr. Macoun were acting as agent for the company are you not aware that the contract would be with his principals?—A. I am not aware of it.

Q. What is your position, have you anything to do with contracts in the Militia Department?—A. A little.

Q. Do you not know that when a contract is made through an agent of a known principal, that the contract is with the principal, and that the principal must, in that case, be sued, or sue for recovery of the price?—A. Well, I do not quite understand you.

Q. Do you not know, as a matter of fact, that when a man acts as agent?—A. Yes.

Q. If you make a contract with Mr. Macoun as agent say, of the Canada Paint Company?—A. Yes.

Q. That the contract in that case would not be with Mr. Macoun, but with the Canada Paint Company?—A. I fail to see the drift of your question?

Q. And that the bills would be with the Canada Paint Company?—A. We did not get paint from either Mr. Macoun or the Canada Paint Company?

Q. I am merely putting you that case as an example, I understood you to take the position that the department is dealing with Mr. Macoun not in his personal capacity, but as agent of the different companies?—A. Well, I hardly know how to answer that the way you are putting it.

Mr. MACLEAN (Lunenburg).—Why ask this witness about that, this is a legal question.

A. We know that Mr. Macoun represents certain companies, and we communicate with him, we do not address him as 'Mr. Macoun, agent for such and such a company.'

Q. You ask Mr. Macoun to tender for his prices on those goods?—A. Yes.

Q. And if he gets the contract you look to him to carry it out?—A. We expect that he will quote prices for his principals, we expect that in every case, we ask him to quote prices for supplies of which we know he is agent.

Q. You expect him to quote prices for his principals, but this requisition in regard to copper had no reference to principals, had it?—A. No, none whatever.

Q. And the machinery matter has been gone over, we have found out how that



contract came about with Mr. Macoun, that Mr. Macoun had been appointed agent of the company, and although the department has been in communication direct with the company at these quotations?—A. Yes.

Q. And no contract was made until Mr. Macoun notified the department that he had been appointed agent?—A. Well, it was let ultimately, but the contract might not have been let until three months later, but it was just when the department was prepared to give the order that the contract was made and the department got the machinery at the prices that the Potter Johnston Company quoted.

Q. Yes, in connection with the Potter Johnston purchase did you have any quotation from any other firm than the Potter Johnston?—A. Not that I am aware of.

Q. And they got the contract at the first price they quoted, didn't they, without ever being asked if that was the lowest, or without any other firms being communicated with?—A. Oh, no, that is not so.

Q. Well, the file shows that.—A. Several firms had been communicated with, so far as my knowledge of it goes, but suitable machinery for the arsenal, of the kind that was required, may not have been made by any other firm, as far as I know; they are specialists in that line.

Q. You cannot find on the file any quotation from any other firm, or any communication from any other firm?—A. We cannot oblige firms to quote.

Q. You cannot oblige firms to quote?—A. No.

Q. And were they asked to quote?—A. I have no doubt some others were asked to quote, verbally, I do not know about that. I have no doubt that others were asked to quote.

Q. You cannot show me a letter?—A. No, I am not sure.

Q. And the file does not show it. Is it not a fact that this company proposed to the department the purchase of this machinery, that it would be suitable for the arsenal?—A. No, I have no knowledge—

Q. The matter was initiated by them?—A. The superintendent of the arsenal doubtless thought that the Potter Johnston people were the only ones who could produce the machinery required to meet his needs, he would not need to go to competitors, and even if he did they were the ones who produced the machinery, and they quoted their price in the regular way and their price was accepted, and the country lost nothing.

Q. But you read Colonel Gaudet's letter when he returned from Pawtucket?—A. I do not know whether it is there, I may have read it.

Q. My recollection is that Colonel Gaudet stated then for the first time, after being down there, that this machinery was the best that could be got, he was satisfied this was the best that could be got for the purpose?—A. Yes, there is no doubt about that.

Q. But the fact is that their quotation of the 22nd of February was accepted, and that is the first quotation that they made without the department having any other quotation?—A. Yes.

Q. And that was not accepted until after Mr. Macoun notified the department in the month of April that he had been appointed agent of this firm?—A. Yes, their agent here was notified that the price quoted by them in February was accepted.

*By Mr. Reid (Grenville):*

Q. You stated that you recommended these contracts to the minister?—A. I beg pardon.

Q. You make recommendations to the minister for these contracts, do you not?—A. In what way?

Q. Do you make recommendations to the minister on tenders that have been received?—A. No, they usually go direct to the deputy minister and he recommends, where there is only one, but where there is more than one tender it is not necessary to make a recommendation because the lowest one gets it.

Q. What I am getting at is are you the one who recommends the acceptance of

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tenders to the minister?—A. I recommended the acceptance of this one because I was dealing with it.

Q. Is this the only one you have recommended?—A. No.

Q. But you are the man who recommended this one?—A. I am.

*By Mr. Maclean (Lunenburg):*

Q. You did not recommend acceptance of Mr. Macoun's tender, did you?—A. I recommended that the tender of Mr. Vogelstein should not be accepted, if that is what you are getting at.

*By Mr. Reid (Grenville):*

Q. Did you recommend that this tender of Mr. Macoun's be accepted?—A. No, I did not, that went without saying, the lowest one of the two tenders had to be accepted.

Q. How many tenders were received?—A. Three.

Q. Who were the tenderers?—A. Messrs. Coghlin & Company, Mr. Macoun, and Mr. Vogelstein, New York.

Q. Now there was only one you say that you knew was workable?—A. No, I did not say that.

The CHAIRMAN.—He said that one should be rejected because it did not comply with the specifications?

A. I recommended that the Vogelstein tender should not be accepted because he would not guarantee the quality of the copper. The other two we knew were workable and the schedule was placed before the minister, who accepted Mr. Macoun's tender.

Q. Who prepared the specifications?—A. The specifications used we got from the War Office, and it is the specification they used for similar purposes. Lately the arsenal has received a copy of the specifications for similar metals used by the War Office for the manufacture of cartridges.

Q. And does the superintendent send them to you?—A. I am not certain whether these particular specifications came first to the department and were then sent down to the superintendent to be looked over by him and any changes made, if any were necessary, or whether they went direct to the arsenal first and then were sent up to Ottawa from the arsenal.

Q. Did you have to speak to the minister about making an advance of this amount?—A. No.

Q. Who assumed that responsibility?—A. The deputy minister.

Q. How did he know that the copper was on the cars?—A. Well, we had all the weights, every car was checked and a receipt given by the railway people for it.

Q. But in making out the bills of lading for a carload of stuff they often, at least they could just as well add on a few thousand pounds, and if the railway company do not object to that there is no guarantee that that quantity shown by the bill of lading is in the car?—A. We had the weights attached to the bills.

Q. Still there was no guarantee really that there was that quantity of copper in the car?—A. I do not know, but as in any business—

Q. How is this copper packed?—A. In barrels.

Q. Does not the railway company when shipping, cause them to add the weight of the barrels to the bills of lading?—A. Those weights were exclusive of the weights of the barrels.

Q. That is the weights on the invoice?—A. Yes, you see the barrels were charged for.

*By Mr. Crocket:*

Q. Mr. Macoun was paid for the barrels?—A. Yes.

*By Mr. Reid (Grenville):*

Q. How were they paid for, on what weights?—A. We paid on the weights shown on the invoices, certified to by the superintendent of the arsenal.

Q. And the weight on the railway shipping bill and on the bill of lading was different?—A. The railway shipping bill included the weights of the copper and the barrel.

Q. And the weights on the bills of lading showed that much less, according to the weight of the barrels?—A. The bills of lading showed that much less.

*By Mr. Hughes (Victoria):*

Q. Where was the copper at the time it was paid for, was it in Col. Gaudet's possession?—A. The first lot was in Col. Gaudet's possession.

Q. Were there two lots?—A. There was another lot shipped in August. The first lot was received at Quebec in June. The second lot was received there some time in August. It was on board.

*By Mr. Reid (Grenville):*

Q. Paid for in July in transit?—A. No, the first lot was paid for after it had been received at Quebec, some three weeks after it had been received, only a part, \$14,000.

Q. And the second lot?—A. The second lot was paid for, I think, about a week after it had been shipped and the bills of lading had been endorsed over to us.

Q. But before it had arrived at Quebec?—A. I am not sure of that.

Q. At all events, it had not been accepted from the railway companies at the time it had been paid for?—A. It may or may not have been.

Q. There should be a certificate here to show whether it had or had not?—A. We had the bills of lading endorsed over to show the copper was received.

*By Mr. Hughes (Victoria):*

Q. Was Col. Gaudet's letter written after the copper arrived there and after he had an opportunity of examining it, if he did examine it?

Mr. MACLEAN (Lunenburg).—We have gone into that.

A. Yes, Col. Gaudet replying to the acting deputy minister's letter—Col. Gaudet wrote on the 16th July, three weeks after the copper had reached Quebec in answer to his letter recommending that no advance should be made.

Q. He had no opportunity of analysing this copper before that date?—A. He had three weeks in which to do it.

Witness discharged.

Committee adjourned.



# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RESPECTING

PAYMENTS AGGREGATING \$235,272.61

TRANSCONTINENTAL RAILWAY, DISTRICT 'F'  
TERMINAL AND RIGHT OF WAY

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

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EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





ROOM 32, HOUSE OF COMMONS,  
THURSDAY, April 23, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding.

The Committee proceeded to the consideration of payments aggregating \$235,271.61, Transcontinental Railway, District 'F,' terminals and right of way, as set out at page W—338 of the Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. JOHN HENRY KERN, Winnipeg, called, sworn and examined.

*By Mr. Barker:*

Q. Where do you live, Mr. Kern?—A. At Moosejaw, Sask.

Q. What is your occupation?—A. I have a hotel there and other interests.

Q. You are a hotel-keeper, that is your main occupation; you may do other things?—A. Yes.

Q. Tell me how far, exactly, is Moosejaw from Winnipeg?—A. 400 miles.

Q. 400 miles?—A. Yes.

Q. In 1906 did you sell some land to the Transcontinental Railway Commissioners near Winnipeg?—A. I did.

Q. I suppose if I mention the lots it will facilitate matters—the south-west quarter of 4, township 11, range 4 east?—A. No. The south-east quarter of 4 and the south half of 5 in the same range and same township.

Q. Are you quite sure about that?—A. Yes.

Q. Well, perhaps you are right, south-east quarter and the south half of 5?—A. The south half of 5.

Q. In the same range?—A. The same range and the same township.

Q. How long had you owned that south-east quarter of 4?—A. From about the end of September, 1905, until the time I sold.

Q. From the end of September, 1905, until the end of November, 1906?—A. Until the time I sold, I think the option was given in November, 1906.

Q. On the 27th of November, yes. From whom did you buy?—A. I bought the south-east quarter of 4 from a man named McIntosh, Finley McIntosh.

Q. How was it you didn't register your deed?—A. I bought it under agreement for sale.

Q. You had an agreement?—A. Yes.

Q. Did you ever get the deed from him?—A. I did.

Q. When did you get your deed?—A. I could not say exactly; it was some time—

Q. About, I do not want to know the exact date?—A. Some time in the fall of 1906.

Q. Some time in the fall of 1906. Was that before or after you made the bargain with the Commissioners?—A. I think it was before; I am not sure; I think it was before.

Q. Have you a copy of the deed?—A. No, I have not.

Q. Where is the agreement?—A. The agreement? I haven't got that either.

Q. What has become of it?

Mr. PARDEE.—He handed it over with the title, I suppose.

WITNESS.—I think so; I left it with my lawyer.

*By Mr. Barker :*

Q. You left it with your lawyer?—A. Yes.

Q. You were asked to produce all the papers, you know. It will be sufficient, perhaps, to give the general terms. Was it a bill of sale or an option?—A. A bill of sale.

Q. Of the 160 acres?—A. Of the 160 acres.

Q. On what terms?—A. There was one-half to be cash, I am not sure as to the proportion exactly, and the balance within a year.

Q. Part cash and part within a year?—A. Yes.

Q. What was the total sum?—A. The total sum was \$20,000.

Q. Are you quite sure about that?—A. Yes, sir, \$20,000.

Q. Did you pay \$10,000 down?—A. I think I did.

Q. You think you did?—A. I am not sure.

Q. Don't you recollect when you buy \$20,000 worth of land whether you pay one-half down or not?—A. I think it was one-half down.

Q. You paid one-half cash down, quite sure about that?—A. I am quite sure, yes.

Q. You are quite sure the price was \$20,000?—A. It was at the rate of \$125 per acre, which will amount to \$20,000, will it not, 160 acres?

Q. Were you alone in making that purchase?—A. Yes.

Q. There was nobody but yourself interested?—A. No.

Q. Neither directly nor indirectly?—A. No.

Q. You put up your own money?—A. Yes.

Mr. MACLEAN (Lunenburg).—This man has money to buy a dozen places like that.

Mr. BARKER.—I daresay, they are all wealthy up there.

*By Mr. Barker :*

Q. Mr. McIntosh, I suppose, did not retain any interest in the land; it was an outright purchase?—A. No, he did not retain any interest.

Q. Where is McIntosh now?—A. I believe he is in the neighbourhood.

Q. He is still out there?—A. I think so.

Q. At that time you lived at Moosejaw as you do now?—A. Well, at that time, that particular time, I was as much or almost more in Winnipeg than at Moosejaw.

Q. Your home was at Moosejaw?—A. My family lived in Moosejaw, but I also had property, hotel property, in Winnipeg, which I was running there at the time also.

Q. You were running both hotels, were you?—A. Yes.

Q. Well, at the time you made the proposal to the government that has been produced you had not completed your purchase from McIntosh, had you?—A. I think I had.

Q. You think you had? You think you had paid the whole money before the 27th November?—A. Yes, I think I did: I am not sure as to the dates when I did pay it?

Q. But before the 27th of November?—A. But the time was up, and I think I made the payments.

Q. Before you made that offer to the government on the 27th of November, 1906?—A. Excepting that there was a mortgage on the place which took some time to clear up, but I tendered the money before then.

Q. There was a mortgage on the place?—A. There was one held by some company down here.

Q. How was it Mr. Kern, that after paying \$10,000 on that property in 1905, and the balance of the purchase money, with the exception of the mortgage, in the next year you registered neither the agreement nor the deed?—A. The mortgage was not cleared off, the papers did not get through, it took a long time to put the papers through clearing up the mortgage.

Q. Up to January, 1908, your name does not appear in that, does it?—A. No.

Q. Why was that?—A. It took a long time to clear off the mortgage.



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Q. You could have registered your agreement; in other cases you register your agreement; why didn't you register the agreement you had?—A. I left it with my lawyer.

Q. And your lawyer actually did not see the propriety of your securing a registration of the agreement when you had already paid \$10,000 on account of the land?—A. It seems not; I left it all to him.

Q. Who was your lawyer?—A. W. F. Hull, of Robinson & Hull.

Q. How did the Railway Commissioners know, in the absence of any registration, that you owned that quarter lot?—A. I do not know, I am sure.

Q. Did you go to them, or did somebody come to you?—A. No, they approached me the first thing.

Q. Who approached you on behalf of the Commissioners?—A. The first communication I had from the Commissioners was through Mr. Morton, the agent.

Q. Was that verbal or written?—A. Not verbal, written.

Q. It was written, a letter?—A. Yes.

Q. How did he ascertain you owned that lot; you were not in possession of it, were you?—A. Not in possession? No, it was this man Finley McIntosh was living on the adjoining property taking care of it for me, as it were.

Q. Taking care of this quarter too?—A. As well.

Q. He may have told them, then?—A. Likely.

Q. What did Mr. Morton ask you? I don't want the particular words, did he ask you if it was for sale, or what?—A. No, he asked the price for a right of way across the property.

Q. That was for a right of way?—A. Yes.

Q. Do you recollect when that was?—A. I think it was possibly in August, 1906.

Q. That was the first?—A. Yes.

Q. And that brought you together?—A. Well, we had some correspondence about it.

Q. I suppose that all fell through, we hear no more about it; but you sold the whole quarter section?—A. Eventually.

Q. Come to the purchase of the quarter section, when did that occur?

Mr. MACLEAN (Lunenburg).—What section is that you were at now, Mr. Barker?

Mr. BARKER.—The south-east quarter of 4.

WITNESS.—What was your question?

*By Mr. Barker :*

Q. I asked you how you began the discussion about the purchase of the whole quarter section, instead of a mere right of way; how did that open?—A. I answered Mr. Morton's letter in the first place, his application for a right of way, which he asked me to sign; I returned it unsigned, saying that not knowing how much nor where they wanted the right of way, I could not put a price on it. I wrote that from Moosejaw, and then the next letter was offering me, I think, \$300 for eight acres for the right of way.

Q. I do not want to go into the right of way which dropped?—A. This was leading up to it.

Q. All right, give us the information the shortest way you can.

*By Mr. Maclean (Lunenburg):*

Q. They offered you \$300 per acre for the right of way?—A. Which I refused to accept, and he found out I was in Winnipeg and he came to see me and asked me to come up to the office; this was about the 26th of November, 1906, and on going up to the office I met Mr. Morton, Mr. Young and, I think, a lawyer, Mr. Johnson.

Q. Mr. Young is one of the Commissioners?—A. Yes, a Commissioner, and they then approached me for the purchase of the other half, or the whole section—

Q. Keep to this quarter section for the present. He approached you to buy this quarter section?—A. Yes, he asked me the price.

Q. That all resulted, did it not, in a written proposition?—A. After another meeting; it did not result in anything at the time. I said, 'I will think it over and see my lawyer;' but it did not result in anything at the time. At a subsequent meeting I gave an option for the purchase of that quarter.

Q. Now, then, up to the time of that option being given by you, you had bought this quarter section from Finley McIntosh?—A. Yes.

Q. For \$20,000, part of which had been paid and part of which either had just been paid or about that time was paid, and you owned that quarter section yourself at that time; nobody else had any interest in it?—A. No.

Q. Nobody else but yourself?—A. Nobody but myself.

Q. Do you know whom McIntosh bought from, was it the C.P.R.?—A. No, I think he took it as a homestead long before.

*By Mr. Barker:*

Q. He held it for a long time?—A. For a long time. The fact of the matter is, I did not buy from McIntosh direct. I bought from Mr. Hueback, of Hueback & Co., who was acting for McIntosh.

Q. Who do you suppose has that agreement between you and McIntosh?—A. Well, I think the lawyer would have it.

Q. Would you have any objection to sending it down to the clerk of the committee, that agreement, it will be returned to you?—A. None whatever.

Mr. BARKER.—I suppose, Mr. Chairman, we can ask him to do that; the clerk can make a copy of it and return it to him.

The CHAIRMAN.—Certainly.

*By Mr. Barker:*

Q. Now, as to the south half of lot 5, who owned that before you became interested in it?—A. The Arctic Ice Company.

Q. They owned how much of lot 5?—A. They owned three quarter sections, the south half and the north-east quarter.

Q. Did you buy the three quarters from that company?—A. I did.

Q. What did you pay for that?—A. \$125 per acre.

Q. \$125 per acre?—A. Yes.

Q. That amounted to how much, that amount for 160 acres would it be?—A. Yes.

Q. That would amount to \$20,000 for each quarter?—A. Yes.

Q. When did you buy that?—A. I did not buy it until just before that other deal with Finley McIntosh.

Q. That was before 1905, or in 1905, I should say?—A. In 1905, in the early part of September.

Q. September, 1905. Did you get a deed or an agreement?—A. An agreement.

Q. You did the same with that agreement, I suppose?—A. Yes.

Q. Who were the Arctic Ice Company?—A. Mr. Hueback was one of the officials, he was the man that I purchased from; he acted for the Arctic Ice Company. There was another man by the name of Charles McIntosh—no, not McIntosh; I do not know what his other name was.

Q. How was that \$60,000 to be paid?—A. There was some thousands to be paid down at the time of the agreement, and enough to make one-third, I think, within the month; it is not the exact figures, of course, but that is about it.

Q. You were to pay a sum down?—A. At the time of the purchase.

Q. And within a month, or about a month, you had to make a payment up to one-third of the whole purchase money?—A. Yes, I think it was one-third I paid then and then the balance was distributed over a year.

Q. When was the final payment made?—A. I think within a year.

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Q. Within a year?—A. Yes.

Q. When did you pay that, within a year?—A. Yes. I think I paid them within a year at the time it became due.

Q. That would make it out that you had paid up the whole \$60,000 before you made your proposition to the government?—A. Yes, about the same way as with the McIntosh property.

Q. About the same time as the McIntosh lot?—A. Yes.

Q. Did you get a deed from the Arctic Ice Company then?—A. I did.

Q. Before you made the proposition to the government?—A. I cannot tell you whether it was before or after, but I got the deed.

Q. Did you get the deed from the ice company just as soon as you paid them?—A. No, I did not. There was also a mortgage against that property which was held by people down in Ontario some place.

Q. By a loan company?—A. Yes.

Q. Then you paid everything up but the mortgage?—A. I paid the whole cheque; I left it to the lawyer to be paid for when the papers were clear.

Q. Then your belief is that you had paid the whole of it before the 27th of November, 1906?—A. I tendered it.

Q. Paid everything except what there was against it?—A. I left it with my lawyer.

*By Mr. Pardee:*

Q. He was to be satisfied with the title?—A. Yes.

*By Mr. Barker:*

Q. Was that purchased by you on your own behalf?—A. Yes.

Q. There was nobody else interested in that with you?—A. No.

Q. Your family were living in Moosejaw and you were living in Winnipeg at that time?—A. A great deal of my time I was there then, I was running—

Q. You were running the two establishments at the time?—A. Yes.

Q. Did you on either that quarter section of 4, or on the half section of 5, expend any money at all, at any time, in improving it?—A. No, nothing but the taxes.

Q. It remained up to the time the government got it just as you bought it?—A. Yes.

Q. Do you still own the north-east quarter of 5?—A. I do.

Q. Alone?—A. No, I have sold an interest to Mr. Christie.

Q. To Mr. who?—A. To Mr. W. J. Christie.

Q. You sold W. J. Christie an interest in the northeast quarter of 5?—A. Yes.

Q. Was that since the government sale?—A. Yes.

Q. Up to the time you sold to Mr. Christie, did you own absolutely the whole interest?—A. Yes.

Q. Nobody having any interest with you?—A. No.

*By Mr. Maclean (Lunenburg):*

Q. How much did you sell Mr. Christie?—A. I sold him an interest in 800 acres.

Q. Did you charge him pretty well for it?—A. I did.

Q. How much?—A. I charged him at the rate of \$450 an acre.

*By Mr. Barker:*

Q. That was after the acquisition of your land by the government?—A. Yes.

Q. That put up, I suppose, the value of your remaining quarter section?—A. Yes, it put up the value of all land up there.

Q. In your proposition, which is here—I want that proposition to be put in as an appendix to the evidence, that is the proposition put in by Mr. Kern to the government, dated the 27th November, 1906.

The CHAIRMAN.—Certainly.



*By Mr. Barker:*

Q. I see in that proposition you ask for these three quarter sections, the south-east quarter of 4 and southerly quarter of 5, which had cost you roughly about \$20,000 a piece, you ask them \$138,000 for it?—A. Yes, I asked more than that, but that is what I got.

Q. It is all set forth in the documents?—A. Yes.

Q. Now, we have that under your proposition it was to be \$138,000, subject to certain conditions?—A. Yes.

Q. One condition of which was to compel them to put up their shops on either that part of part 5, or part of 4?—A. Yes.

Q. And within 500 feet of your remaining quarter?—A. Yes, about that.

Q. Within 500 feet of the northerly limit of what you sold, which would be within 500 feet of your remaining quarter; that is right, isn't it?—A. If I sold at that price, I wanted to see the shops, if they were going to be built, put as near to the centre of my remaining property as possible.

Q. I quite understand; it is good business for yourself?—A. Yes.

Q. It was to be put not more than 500 feet from your remaining property, and should be either on the southwest quarter of 4 or the southeast quarter of 5?—A. Yes.

Q. That is about as close up to you as they could get it?—A. Yes, that is it.

Q. You made the condition as to price that if they did not put the shops there, or do you recollect, what the condition was?—A. No, if they did not put the shops there, or if they took all my land, all the section or the section and a half, I wanted more money for it than if they only took a half of it.

Q. Was not the condition that failing the shops, you were to get \$350 per acre?—A. No, not failing the shops.

Q. Eh?—A. I was to get \$325 per acre if they took all my land.

Q. Well, didn't you say this—I do not want, of course, the agreement speaks for itself, but I want to recall to your memory, didn't you say in your contract that the inducement to put it at \$287.50 was the building of the shops?—A. Yes.

Q. Instead of \$350; there is not much to fight about, but I only want to get the substance. You wanted \$350, or rather \$325 if they took the whole of your land?—A. Yes.

Q. And if they left you one quarter section they must build the shops and give you \$287.50?—A. I agreed on that price provided they built the shops in a certain locality: they were putting up their shops and I wanted them, if they built them, I would like them to build them as near to the centre of my remaining property as possible.

Q. You said \$20,000 was the purchase price from McIntosh. The figures appear to be \$19,200, do you recollect that? That is the way it appeared in the figures here. However, there is no practical difference between those figures and the \$20,000?—A. No.

Q. And \$40,000 for the two quarters of 5 made a total cost to you of \$59,200?—A. Yes.

Q. And for that you asked the government \$138,000?—A. Yes.

Q. With a possibility of \$18,000 more on certain conditions?—A. Yes.

Q. What information had you, at that time, Mr. Kern, to induce you to invest \$59,200 in these lots 5½ miles from Winnipeg?—A. The information—what led me to do it was that in the spring of 1905, I think it was, when the contracts between the Transcontinental Railway, or the government, and the Grand Trunk Pacific Railway Company was published in the western papers, it was reported that the government would build as far as Winnipeg, and the Grand Trunk Pacific Company would build from Winnipeg on west—

Q. I am speaking now of 1906, you know?—A. I am speaking of 1905, that is the time I bought, and that is what induced me to buy.

Q. You bought simply because you knew the railway was going on, is that it?

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Mr. CARVELL.—I think the witness should be allowed to explain; he should not be interfered with when he is answering.

Mr. BARKER.—I am putting it shortly, I want to get at the pith of it.

*By Mr. Barker :*

Q. Was that your reason for buying, that you knew the railway was a fixture?—A. No. The papers also stated that the government and Grand Trunk Pacific, and also likely the Canadian Northern would build a union depot at the old Canadian Northern station site, and that the shops, terminal facilities, yards, would be east of the river, on the government end of the road. So I sized it up that if they had to go east of the river any of that land east of the river could not help but rise in value.

*By Mr. Maclean (Lunenburg) :*

Q. Whether it was taken for terminals and yards or not?—A. Whether it was taken for terminal facilities or not.

*By Mr. Barker :*

Q. Supposing it was taken for the right of way would it justify you for the expenditure, in your judgment?—A. No. What induced me to buy that particular property was that it was, in the first place, good land, good value, which even if nothing happened, if nothing ever happened there, it was producing a good interest on the money invested.

Q. You thought it was a good investment at \$59,000?—A. It was very much the cheapest land, by 50 per cent or more than any land in the same neighborhood.

Q. Had you any more precise information than what you got through the newspapers?—A. Nothing more.

Q. Are you sure of that?—A. Yes.

Q. Quite sure?—A. Quite sure.

Q. You got no information from anybody?—A. No.

Q. Nothing more than you got from the newspapers?—A. No, not more than general talk and newspaper report.

Q. Did you get any information that Mr. Lumsden had reported as to the location for the shops?—A. No.

Q. Before you made that proposition?—A. No.

Q. You are quite sure of that?—A. Quite sure.

Q. Before you met Mr. Young, and the lawyer, Mr. Robinson, was it?—A. Mr. Hull.

Q. And who was the other gentleman, Mr. Hueback?—A. Mr. Hueback, yes.

Q. Before you met these gentlemen in Winnipeg you had no information?—A. No.

Q. From anybody?—A. No.

Q. That there was any report made about this location?—A. No.

Q. I suppose you know now that Mr. Lumsden had reported about ten days before that?—A. I did not know.

Q. Now, leaving that for the moment had you anything to do with the other quarter of 4 and the south-west quarter of 3?—A. Yes, I had a half interest in them.

Q. You had a half interest in them?—A. Yes.

Q. When did you acquire that?—A. In the spring of 1906.

Q. 1906?—A. Yes.

Q. From whom did you buy?—A. From Mr. James Hamilton.

Q. From James Hamilton?—A. Yes.

Q. You bought the two quarters from him?—A. Yes.

Q. Have you that agreement?—A. No.

Q. What has become of that?—A. The property was not in my name, I bought it, or it was bought in my friend's name, he bought it rather.

Q. I would like to correct you in that, I think you are mistaken there, although

I do not think you are trying to misstate it. Didn't you take an agreement from Hamilton in your own name and register it?—A. An agreement?

Q. Yes, I do not want you to make a mistake, and I tell you that the papers show you took it in your own name and registered it?—A. Yes.

Q. In May, 1906, I will tell you now, you need not swear to it, because I will tell you, but according to the papers you got the agreement from Hamilton and within two or three weeks you assigned it to Mathews, and on the same day, 22nd of June, both papers were registered?—A. Yes.

Q. Does that recall it to your mind?—A. I cannot dispute that.

Q. There is no trouble about that, it is in the papers. But we will not make any trouble about that?—A. No.

Q. Where did Hamilton live then?—A. On that land.

Q. He lived on that land?—A. Yes.

Q. You say you have not a copy of that agreement?—A. No.

Q. Well, we can get that, because it is registered, we need not trouble you about that?—A. No.

Q. You have never had a copy of it?—A. I may have had it in my possession for a little while, I do not know, it may have passed through my hands but I do not know.

Q. Do you recollect handing it over to Mathews?—A. No, I do not recollect handing it over to him.

Q. Is Mr. Mathews here?—A. Yes.

Q. Is he in the room?—A. Yes.

Q. Have you a copy of that agreement, Mr. Mathews?

MR. MATHEWS.—No, I have not.

Q. Mr. Mathews is the man who subsequently sold these two quarter sections to the Commissioners?—A. Yes, as far as I know.

Q. Where did Mr. Mathews live then?—A. At Moosejaw.

Q. What was his business?—A. Hotelkeeper.

Q. He was also a hotelkeeper there?—A. Yes.

Q. Mr. Mathews is the man to whom you turned it over anyway?—A. Yes, he coming in for a half interest, I put the papers in his name.

Q. You put the papers in his name?—A. Well, whether it was done the way I say or not it is the same thing in effect?—A. The same thing.

Q. You retained a half interest?—A. Yes.

Q. You retained it to the end, I suppose?—A. Yes.

Q. But the transactions with the Commissioner as to that lot were in Mathews' name?—A. Yes.

Q. You did not appear in those transactions?—A. No.

Q. Can you tell me why?—A. Why I was there at the time that the bargain was made but, of course, the property being in his name, he signed the options and all that, although we conferred about prices and terms, &c., together.

Q. There was no reason why it should not have remained in your name instead of being put in his?—A. No, no particular reason, except that he had put his money into it and I did not object to his having it in his own name, nor I do not know that he objected to having it in my name.

Q. What did you agree to give Hamilton for the two quarter sections?—A. \$125 per acre.

Q. That is \$20,000 for each quarter?—A. Yes.

Q. How much of that did you contribute?—A. I contributed one-half.

Q. And Mr. Mathews contributed one-half?—A. Yes.

Q. How much was paid down?—A. I think there was one-third paid down.

Q. There was one-third paid down?—A. Yes.

Q. Was that one-third by each of you, or one-third between you?—A. One-third between us.

Q. When was the balance paid?—A. I can't tell you, it was paid—the balance.



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the final payment was made—Mr. Hamilton was away in California at the time and we left the money with the lawyer.

Q. Take it this way, was it before or after the sale to the government?—A. He did not get paid until after the sale to the government.

Q. That is, Hamilton did not get paid until after the sale to the government?—A.—Yes.

*By Mr. Johnston:*

Q. Did you tender the money before or after the sale to the government?—A. I could not say as to that, but it was at that time, or it may have been prior to that.

*By Mr. Pardee:*

Q. Was the money paid under the terms of your agreement?—A. Yes, I think so.

*By Mr. Barker:*

Q. You bought this yourself from Mr. Hamilton?—A. I had an option, I think.

Q. A written option?—A. Yes, a written option.

Q. And in your name?—A. I filed a caveat, I think.

Q. Having got a written option in your own name, instead of continuing to hold it in your own name for yourself and Mathews, you turned it over to Mathews to hold for you and him?—A. Yes.

Q. Was there any talk between you as to why you did that?—A. No, no more than inducing him to come in with me on that piece of property.

Q. The written option you took stated distinctly, I suppose, the terms which the the two quarters were obtained by you from Hamilton?—A. I think it did.

Q. There would be no object in registering it unless it did?—A. No.

That was on record at the time Mathews sold to the government?—A. I suppose it may still have been on record at that time, there had not been any title passed.

Q. The price stated in that agreement for the two quarters was \$40,000?—A. I think so.

Q. Nothing had been done on that property, I suppose, since the purchase?—A. Not by us, but there had been by Hamilton, who lived on it for some time.

Q. But there had been no improvements since you bought it?—A. No.

Q. Now, had you and Mathews agreed to go into these deals together? You were both Moosejaw men you say?—A. Yes.

Q. Had you and he consulted about the future of this speculation when you agreed to go into these deals together?—A. I induced him, he and I were friends together for a good many years, and had been having different deals together, so I told him I was going down there and he, having an interest in Winnipeg property and having sold property there a short time before and made large profits, he was saying he would not mind taking a hand in the deal.

Q. Did he take a hand in with you in the other?—A. No.

Q. You kept all that to yourself?—A. Yes.

Q. And you gave him half of the Hamilton land?—A. Yes.

Q. Well now, there was a written proposal made to the government for the Hamilton two quarters?—A. There was an option given.

Q. Your name did not appear in that?—A. No, not in that.

Q. Mathews gave that?—A. Yes.

Q. What was the sum that you asked the government, that is, the price of those two quarters that we are now speaking of, the south-east quarter of 4 and the south-west quarter of 3?—A. The price we asked?

Q. Yes?—A. I think it was \$300 per acre for the southwest quarter of 3 and \$350—

Q. Not so much per acre, but give us the gross sum?—A. I do not know any lump sum, but it was \$300 for the southwest quarter of 3 and \$350 for the southeast quarter of 4.

Q. It was \$350 for that?—A. Yes, I think that is right.

Q. That will be \$104,000, then?—A. I think so.

Q. That is \$104,000 for a piece of property that you bought for \$40,000 and had never done anything to?—A. Yes.

Q. And within a year?—A. Yes.

Q. Who negotiated that transaction with you?—A. Do you mean on the other side?

Q. A. Yes?—A. It was Mr. Young, in the presence of Mr. Morton and Mr. Johnson, the lawyer.

Q. Mr. Young, the commissioner, negotiated that——

Mr. GERMAN.—He says that is what he asked, but what did they pay.

Mr. BARKER.—They paid \$250 for one and \$275 for the other.

*By Mr. Barker:*

Q. That will be what I said at first, you got \$84,000 for the whole?—A. Yes.

Mr. GERMAN.—He doubled his money.

Mr. BARKER.—I am not finding fault with a man for that. I wouldn't find fault with him for doing that.

*By Mr. Barker:*

Q. You got \$84,000 then as a result of negotiating with Mr. Young, and you put that in writing, or was it Mathews negotiated it?—A. It was Mathews and Young. I was with them part of the time.

Q. Did Mr. Young know that you were interested?—A. No, I do not think he did.

Q. At that time you had not completed that purchase?—A. I beg pardon.

Q. The Hamilton purchase, he had not been paid for it, only in part?—A. Well, as I say, Hamilton had not——

Q. I can tell you something now that will help your memory I think. Didn't the government advance \$30,000 to enable Mathews to pay off on it?—A. Yes.

Q. That shows he had not been settled with, you say that the government gave that?—A. Yes, final payment had not been made.

Q. When the government advanced the money?—A. They wanted the title.

Q. I understand, that will all come out, that will be settled by the papers I have put in; I only wanted to refresh your memory, that you had not closed the Mathews-Hamilton deal at all when you sold to the government. Did you tell Mr. Young what your position was with regard to Hamilton?—A. I do not think we told Mr. Young, no.

Q. Did he ask you what you paid for it?—A. It came out during the bargaining, he said, 'you have only paid this much, and you know you are asking me so much more,' and so on.

Q. And 'this much' was the \$40,000?—And you were asking \$84,000?—A. Yes, he says, 'you are doing well enough even at that price.'

*By Mr. Pardee:*

Q. You asked more than \$84,000?—A. Yes, we asked for \$104,000.

*By Mr. Barker:*

Q. That is the position, that Mr. Young knew that you claimed under an agreement by which you were entitled to buy for \$40,000, and within the year you were selling for \$84,000?—A. No doubt he knew, according to the way he bargained with us, the way he beat us down in price.

Q. It is all on record here?—A. Yes.

Q. Who offered the \$84,000? Did you ask it or did he offer it?—A. Well, we asked, as I said——

Q. You asked \$104,000?—A. Yes.

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Q. Who made the offer of \$84,000 ?—A. He offered, the offer he made at first he would give \$250 all round.

Q. He offered you \$250 all round ?—A. In the first place he started——

Q. That would be \$80,000 ?—A. He started in at lower than that, but that was when we got near.

Q. He offered you \$80,000, and who made the offer of \$84,000 ?—A. He or you ?

*By Mr. Pardee :*

Q. There was the usual offer and counter offer, wasn't there ?—A. I could not say, anyway it wasn't us.

*By Mr. Barker :*

Q. You didn't come down to that ?—A. No, it came from his side, whatever it was.

Q. I see, it came from the government side, and upon that Mr. Mathews made a written proposition, a copy of which is among the papers ?—A. Yes.

*By Mr. Maclean (Lunenburg) :*

Q. Were you asked to keep this quiet after the option was given ?—A. Yes, we were asked to keep it quiet.

Q. Not to make it public ?—A. Not to make it public until the option was taken up or refused.

*By Mr. Barker :*

Q. Mr. Young knew you were in the other deal, in the south half of 5 and the south-west quarter of 4 ?—A. Yes, he knew I owned it.

Q. And he knew you were in the Mathews' deal ?—A. I do not know that he knew, I don't think he did.

Q. Weren't you there discussing it with him ?—A. No, I was there at the same time. I mean I made my deal first, and then Mr. Mathews, who was in the outer office, and when I came out we talked the thing over and he went in and made his bargain.

Q. You acted as people that didn't hardly know each other ?—A. How do you mean ?

Q. You acted independently of each other, as though you had no interest in Mathews at all ?—A. I do not know that it was done for that purpose, but the property being in his name——

Q. When you were dealing for the south half of 5 why couldn't you have dealt with Mr. Young for the whole of it ?—A. No, the property being in his name, Mathews had the right to make the deal.

Q. Did he go in and make the deal without you ?—A. Did he close the deal without me ?

Q. When you said that you came out and Mathews went in, did he go in without you ?—A. He went in and closed the deal for the sale.

Q. Without you ?—A. Without me.

Q. Could you not have closed the deal just as well as he could ? At all events you went in separately ?

*By Mr. Pardee :*

Q. He went in to close the option he had given, you could not have done that ?—A. No.

Q. It was in his name ?—A. Yes.

*By Mr. German :*

Q. How do you mean, 'dealing separately' ?—A. It was in Mathews' name ?

Q. You were both interested in this land, as I understand ?



*By Mr. Barker :*

Q. You went in and dealt for 5 and part of 4, and then you came out and Mathews went in and dealt for part of 4 and part of 3, that is what I mean by 'dealing separately' ?—A. Yes.

*By Mr. Maclean (Lunenburg) :*

Q. You had discussed the matter with Mr. Mathews, of course ?—A. Yes, they had been dealing for a day or so before.

Q. What you mean by dealing separately is that when you wanted to give an option Mathews had to deal with Mr. Young?—A. Yes.

*By Mr. German :*

Q. Could your partner have taken a price that would not be suitable to you?—A. If he was so minded he could, the property being in his name we went into it together and in a friendly way.

*By Mr. Pardee :*

Q. And you come out of it together ?—A. We came out together.

*By Mr. Barker :*

Q. I thought you were present when the offer of \$80,000 was made and when you got up to the \$84,000 ?—A. I was present on the first occasion, I think the day before, and they could not come to any terms at that time. •

Q. But when you got down to \$80,000 and \$84,000 you were present ?—A. At the time the \$84,000 was mentioned I was not present, I don't think, at the final when the deal was closed.

Q. You were present then when the \$80,000 was proposed ?—A. Yes, I think I was present at that time, but we didn't take that.

Q. Did Mr. Young speak to you, when you were in with him, as to how far he ought to go to settle with Mr. Mathews ?—A. How do you mean ?

Q. When you were in with him, before Mathews went in, did Mr. Young say anything at all about the Hamilton property ?—A. No.

Q. He did not speak to you at all about that ?—A. No, he didn't speak to me about that.

Q. Nor you to him about it ?—A. No.

Q. You just dealt with the part that was in your name?—A. Yes.

Q. And left Mathews to deal with the part that was in his name ?—A. Yes.

Q. Although you were a partner with him ?—A. Yes.

Q. Now Hamilton, you say, was in California ?—A. Yes.

Q. Is he back ?—A. He did come back, I do not know where he is now.

Q. Was he paid \$40,000 for the two lots ?—A. Yes.

Q. That is as far as you know ?—A. As far as I know, yes, because that was the bargain.

Q. You have every reason to believe he was paid it ?—A. I have every reason to believe he was paid that, yes.

Q. How was the final payment made to Hamilton ?—A. Well, it was made by using, as you say, the moneys that were got on advance.

Q. From the government ?—A. From the government.

Q. I see that on the 4th of January, 1907, the government advanced \$30,000 to Mathews, through the solicitors, in order to enable him to settle with Hamilton and get the title ?—A. Yes, that is right.

Q. And that enabled you to get it from Hamilton ?—A. Yes.

Q. And close the transaction ?—A. Yes.

Q. How long after that \$30,000 was advanced by the government was it that the government got their title ?—A. Oh, you have it there.

Q. It is the 4th of February here, I thought perhaps you could say ?—A. No, I cannot say from memory.

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Q. The simple result of this Hamilton deal was that in May you got an option upon which you paid about \$13,000 ?—A. Yes.

Q. You did nothing to the property and you sold it in the fall?—A. Yes.

Q. To the government, and you cleared between you \$44,000?—A. Yes.

Q. Between you you agreed to pay \$40,000, you had paid \$13,000 of the \$40,000?—A. I think we had paid more than that, I think we made another payment.

Q. There was something about \$30,000 left, because the government advanced \$30,000 for the purpose ?—A. I don't think they advanced the \$30,000 to clear off Hamilton, I think we made a payment, but I am not sure.

Q. That may be, but a few thousands do not make any difference. You did clear \$44,000 on the transaction?—A. We cleared about \$40,000, there were taxes and interest and all that.

Q. That is less taxes and interest on the money?—A. Yes.

*By Mr. German :*

Q. Did Mr. Young have any interest in the property ?—A. No, sir.

Q. Did anybody have any interest in it except you and your partner ?—A. Nobody else.

*By Mr. Barker :*

Q. The result of the two transactions, part of 4 and part of 5 and part of 3 was that there was a profit of \$123,000, was it not ?—A. Approximately, I suppose you have figured it out.

Q. There was \$138,000 you got off one set of lots ?—A. Yes.

Q. No, it won't be as much as I said, you got \$138,000 and \$34,000, that would be \$222,000 ?—A. Yes.

Q. That is the exact transaction as stated in the papers, and you paid for it \$40,000, and \$19,200, that is \$59,200—you paid \$122,800 altogether?—A. I just made about 100 per cent counting interest and all expenses and everything.

Q. I am not finding fault with you if you made five times that much, I am not expressing an opinion at all, but that is the result ?—A. Yes.

Q. You hadn't done anything to the property except pay the taxes on it ?—A. Yes.

*By Mr. Reid (Grenville) :*

Q. All this property is  $5\frac{1}{2}$  miles from Winnipeg ?—A. No, it was not, it started in near 2 miles from Winnipeg.

*By Mr. Barker :*

Q. Lot 5 ?—A. Yes.

*By Mr. Reid (Grenville) :*

Q. It was two miles from the outskirts of Winnipeg ?—A. Yes.

Q. What are the limits of Winnipeg ?—A. The city limits do you mean ?

Q. How far would it be from the centre of the city ?—A. About four miles.

Q. It started four miles from the centre ?—A. Yes, about that.

Q. That is where your land would start ?—A. Yes.

Q. How many acres altogether were sold by you and Mathews ?—A. 800 acres.

Q. 800 acres ?—A. Yes.

*By Mr. Barker :*

Q. Have you had any understanding with the government about the shops on that property ?—A. Not any more than—

Q. Except what is in that agreement ?—A. Not more than what is in the agreement.

Q. Yes, I am afraid you have them here too. If they don't put the shops there you may have a claim on the original proposition ?—A. Yes.

Q. And that is \$18,000 more ?—A. Something like that.

Q. As far as you know were any valuations obtained of this property ?—A. No, I do not know anything about that.

Q. I believe they said they did not make any but you do not know of any ?—A. I do not know of any.

Q. Is Mr. Morton here ?—A. Yes, I think he is, I saw him here.

Q. That is all I wanted to ask you. You won't forget to send those agreements ?—A. No, I will not.

*By Mr. Maclean (Lunenburg) :*

Q. Mr. Kern, did you never buy land for speculative purposes in the west before this transaction ?—A. Yes, sir.

Q. Frequently ?—A. Quite frequently.

Q. Where at ?—A. I bought in Winnipeg, at Medicine Hat, near Edmonton, and down in Fort William.

Q. What I want to get at is this, this was not your first attempt at buying land for the purpose of selling at a profit, was it ?—A. No.

Q. How did you come to buy those lands ?—A. As I said before my own judgment told me that, according to the reports in the newspapers, the western newspapers especially; and when the contract was made known, that the shops had to come east of St. Boniface, or east of the railway, which would be east of St. Boniface. Then about a month or so afterwards it happened that one of the St. Boniface hotel keepers who had been staying with me in Moosejaw met me and directed my attention to the value of the property there at that time and what they would likely be if these shops were built anywhere east of Winnipeg, and he pointed out a locality to the south-east of St. Boniface, about 2 miles, which he offered for sale at \$175 per acre, and which he said would surely double in value in a short time. I then looked around to learn the prices of property in the vicinity of St. Boniface and, in fact, bought a 40 acre piece there at \$325 per acre.

Q. But that is not any of this land you sold to the Commission, is it ?—A. No.

Q. You bought it at \$325 ?—A. Yes, I also bought another piece to the north of it at \$400.

Q. That is to the north of this land ?—A. In the same locality. Then I went and priced other lands, for instance there is a place, Block F, which I was pricing and which I was told was \$1,500 to \$2,000 per acre.

Q. And block F immediately adjoins this land sold to the Commission ?—A. Not immediately adjoining, but block F is between the city of St. Boniface and this land. I also had an option for two days on a 60 acre piece, or a 100 acre piece at \$400, and when I did not take it up at the hour I was told that the man had sold it for \$600 the next day.

Q. That was immediately in the vicinity ?—A. That was towards this property I eventually bought.

Q. How far from it ?—A. Roughly speaking about a mile.

Q. Nearer St. Boniface, or nearer Winnipeg ?—A. Nearer St. Boniface.

Q. As I understand it St. Boniface is between this land you sold to the Commission and Winnipeg ?—A. That is right. And the lots I bought for \$400 I sold at \$800 per acre.

*By Mr. Carvell :*

Q. That would not come out of the government ?—A. No, that was a private matter, a man named Cairns bought them, I think he works in the 'Telegram' office.

*By Mr. Maclean (Lunenburg) :*

Q. What is the land worth around the Roman Catholic church, the corporation holds a great quantity of land around St. Boniface ?—A. I went to see Father Belliveau and told him I wanted to buy a piece of land, and the lowest price he



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quoted, even for land away from there, a great deal more remote than the land I bought and sold to the Commission, he was charging \$400 per acre for it, and the land they had in the vicinity that I bought eventually was not in the market at all at any price. I am told they refused \$1,200 per acre for it.

Q. Did you buy any property, or perhaps that was one of the properties you referred to a moment ago, three quarters of a mile west of the land you eventually sold to the commission, did you buy any acreage there?—A. Yes, I bought some there.

Q. How much?—A. 83 acres.

Q. How much did you pay for that?—A. \$500.

Q. \$500 per acre?—A. Yes.

Q. Well now, it appears you bought these lands, these lands that you bought from Hamilton and from the Ice Company and from McIntosh, you bought them at a bargain, apparently?—A. I did.

Q. They were worth all you paid for them?—A. They were worth that for farm lands.

Q. What conditions were the lands in?—A. They were mostly seeded in timothy.

Q. With buildings on them?—A. Good buildings on them, yes.

Q. What would the land yield you per acre just as farm land?—A. The timothy would yield, the way I figured, an average of 2 tons per acre per year.

*By Mr. Carvell:*

Q. What would that be worth standing?—A. Standing? I have no doubt—timothy would be from \$12.50 to \$18.00 per ton in Winnipeg; I do not know what the average would be, but you would not need to sell any cheap at any time, you could realize from \$15 to \$18 per ton.

Q. What would it be worth standing in the field?—A. I do not know.

*By Mr. Maclean (Lunenburg):*

Q. It would be worth about \$25 or \$30 per acre?—A. It would bring that in revenue per year.

Q. It would bring that?—A. Yes.

Q. That would have been 10 per cent on your purchase price?—A. Yes.

*By Mr. Carvell:*

Q. That would be on the price you sold for?

Mr. MACLEAN (Lunenburg).—It would be 20 per cent on the purchase price.

*By Mr. Maclean:*

Q. Were these lands in good condition?—A. In splendid condition.

Q. Good farm lands?—A. Yes, splendid farm lands, as level as this floor with a flowing well on it and very good soil.

Q. About 3 miles from the city of Winnipeg?—A. About two miles from the city limits and about four miles from the centre.

Q. From the post office, four or five miles from Winnipeg post office?—A. Yes, less than five.

Q. What are lands worth on the west side of the city of Winnipeg about the same distance from the city?—A. They would be worth about 50 per cent more, double and treble the price.

Q. As a matter of fact land to the west of Winnipeg is worth from \$1,000 to \$1,500 per acre about the same distance from the city, is it not?—A. Yes.

Q. What is land worth for the purpose of market gardening around the city of Winnipeg?—A. There is a man by the name of Stevensca who advertises to sell garden property about 2 miles further east, and away from the city, from the eastern limit of this property that we sold to the Commissioners, at \$250 to \$400 per acre, and he praises it as a great bargain and people are buying it at those prices.

*By Mr. Barker:*

Q. Mr. Kern, in May, 1906, Mr. Hamilton lived on these two quarters?—A. Yes, he did.

Q. And he sold you the two sections on time for \$40,000?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. You gave the Commission an option on this land for three weeks didn't you?—A. Yes.

Q. What deposit did they pay?—A. \$3,000 for the one property and \$1,000 for the other.

Q. They put up \$4,000 altogether, and if they did not exercise the option within that period the amount was to be forfeited?—A. Yes, and if they exercised it it would be applied on the purchase.

Q. They did exercise the option, of course, and got a conveyance from you?—A. Yes.

Q. As you have already stated you dealt with Mr. Young representing the Commission in the purchase of this land?—A. Yes.

Q. Nobody participated in your profits but yourself and your partner?—A. No.

Q. Mr. Young never suggested any commission?—A. No.

Q. To be paid by you to anybody else?—A. No, he never did.

Q. Nobody ever suggested it to you?—A. No.

Q. Looking back upon the transaction now, of course you have made a good profit, and in your judgment of lands, of the value of lands in the west, do you consider that Mr. Young made a good bargain on behalf of the Commission when he bought your lands at that price?—A. I do, and, for my part, I would rather he had not bought it from me.

Q. Of course you would have been better off if the railway shops had been located on somebody else's land? Therefore you were not anxious to sell?—A. No, I was not. If the shops were located at any place between my land and the city of St. Boniface, anywhere east of the river, my lands could not help but rise as much, or more, in value, than what I got for them.

Q. In other words, you would have made more money if the Commission had purchased not your land, but some other adjoining lands for that special purpose?—A. I would.

Q. Give me your opinion as to this arrangement, from the standpoint of the public, which Mr. Young made; do you think it was a good one?—A. I do not know, I can only express my own feelings in the matter, and, as I say, I would be money ahead to-day if he had bought from somebody else.

Q. What are lands worth there now adjoining to this land which you sold?—A. Well, there have been lots surveyed to the south and sold in lots at from \$60 to \$250 per lot; that is 25-foot lots.

Q. What would that be per acre?—A. About ten lots to the acre would run from \$600 to \$2,000 per acre.

Q. That is since it has been definitely decided that the Grand Trunk Pacific shops shall be located in that particular spot?—A. The public takes it that way.

Q. Then I understand that lots there to-day are worth from \$600 to \$2,000 per acre?—A. Yes.

Mr. REID (Grenville).—If surveyed in lots.

*By Mr. Maclean (Lunenburg):*

Q. Well, taking land sold for farming purposes, per acre, what is that worth to-day?—A. For farming purposes?

Q. Yes?—A. Well, for market gardening it would sell at from \$200 to \$400 per acre.

*By Mr. Reid (Grenville):*

Q. For farming purposes in 160 acre lots?—A. Well unless you want it for

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special purposes you do not need to buy as expensive land as that for raising wheat or anything of that sort, for that purpose you can go out ten miles and get it much cheaper.

Q. But around that locality what would farm lands be worth for farming purposes?—A. It would be worth whatever you could make out of it and whatever you feel like paying for it.

Q. Did Hamilton know the value of farm lands in that locality?—A. I have no doubt he thought he got a good bargain at the time.

Q. Wouldn't you consider to-day that \$125 was a good price for 160 acres of land for farming purposes in that same locality?—A. It is a good price.

Q. It is a good price to-day?—A. Yes.

*By Mr. Pardee :*

Q. But there is something else to be taken into consideration than farming values isn't there?—A. Yes, at Moosejaw, even in a little place like Moosejaw we have paid \$100 and \$150 per acre for farm lands with a view of eventually subdividing them into lots; it has been done and people have made money out of it.

*By Mr. Reid (Grenville) :*

Q. But when you bought this land you purchased it with the intention of selling it to the government?—A. No, I did not.

Q. But with that expectation?—A. No, I did not, I simply thought that the building of the shops east of the river, that was my judgment, would increase the value of that property.

Q. Not for farming purposes?—A. For market gardening, or eventually for subdividing into lots and selling.

*By Mr. Barker :*

Q. Mr. Young is a citizen of Winnipeg, isn't he?—A. I do not know whether he is or not, I am not sure.

Q. He has been, he is a bird of passage just now, perhaps?—A. I am sure I don't know.

Q. He is a Winnipeg man, isn't he?—A. I do not know.

Q. Wasn't he a Winnipeg man when appointed to the Commission?—A. He may have been, I do not know.

*By Mr. Maclean (Lunenburg) :*

Q. Did you ever meet Mr. Young before this occasion?—A. No, I never did.

Q. Did you ever hear tell of him?—A. I saw his name in the paper, that he was a Commissioner.

*By Mr. Barker :*

Q. Mr. Young ought to know all about property in the neighbourhood, oughtn't he? Now, Mr. Kern, do you mean to say as a hotelkeeper in Winnipeg, you did not know who Mr. Young was?—A. I did not, excepting by newspaper report, but I would not have known him if I had passed him on the street.

Q. There are lots of men you have never seen that you know all about. Did you not know he was a prominent Winnipeg man?—A. I did not.

Q. You did not?—A. No, I did not.

Q. Although you were a hotelkeeper there?—A. Yes.

Q. You did not know that?—A. No, I was not keeping hotel in Winnipeg very long.

Q. I suppose you know enough about expropriation by railway companies to know that a railway company expropriating would not have to pay for the improved value created by their own railway?—A. I have an idea they have a right to expropriate, but at the same time they must pay; they can take the land at the value at the time.



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Q. At the value at the time, but not at the improved value that is going to be created by the railway.

Mr. MACLEAN (Lunenburg).—That is for right of way, Mr. Barker, that is not for terminals.

*By Mr. Barker :*

Q. For any purpose. I am asking him what is his own impression about that. Does he think he would have the right as owner to make the railway pay for the improved value that the railway would create?—A. Between the time that I bought the land at \$125 per acre—within a few months the land in the neighbourhood rose in value even before the option was given. At that time, when I made the sale the land values had risen from 50 to 100 per cent.

Q. By reason of the railway?—A. No, by reason of its coming in there.

Q. That is what I say?—A. Generally, but no particular place.

*By Mr. Maclean (Lunenburg):*

Q. What you were saying is this: that from the time you bought to the time you sold the lots had increased from 50 to 100 per cent?—A. Yes.

Q. By reason of the fact that the railway was coming to Winnipeg in that locality?—A. Yes, and in fact it increased all around Winnipeg, all property increased.

*By Mr. Carvell:*

Q. If the company had expropriated this land, do you consider you would have been entitled to an increased profit by reason of the railway entering?—A. I would expect it.

Q. You would?—A. Yes, I would expect it.

Mr. BARKER.—He thinks he should receive it and ought to get it.

*By Mr. Maclean (Lunenburg):*

Q. Nobody ever approached you on behalf of the Commission before Mr. Young, did they?—A. Never.

Q. He was the first man to approach you?—A. The first man.

Q. And you never saw him in your life before that to your knowledge?—A. No.

Q. And you never had any communication with him at all before that?—A. Not of any kind.

Q. Some time ago you stated that Mr. Young enjoined secrecy at the time he took the option, did I understand you to say that?—Yes.

Q. What was his purpose in making that request, do you know?—A. He thought no doubt that if they did not exercise this option and wanted to buy elsewhere that the public—

Q. That there would be an inflation of prices?—A. Yes, that no doubt was the reason; that is my opinion.

*By Mr. Johnston :*

Q. Mr. Kern, you told us earlier in your evidence about the location of Block F—you are familiar with what is known as Block F in St. Boniface?—A. Yes.

Q. How far did you say that was from the land you sold to the commission for terminals?—A. Roughly, about a mile and a half.

Q. About a mile and a half?—A. Yes.

Q. That is block F?—A. Yes.

Q. Have you any knowledge that Block F was offered to the Commission for the same purpose as your land was acquired?—A. Not directly.

Q. But indirectly you have?—A. Yes.

Q. Have you any knowledge as to the value placed upon Block F?—A. I am told they asked \$2,000 per acre.

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Q. That is correct, and I think in that connection it will be well to put the letter on the record. I think that is necessary in order to complete the story which is before us.

Mr. BARKER.—I propose later to put in all the letters that are material.

The CHAIRMAN.—Who is the letter from?

Mr. JOHNSTON.—It is from R. J. Mackenzie, and it is addressed to Charles A. Young, Esq., Railway Commissioner, Ottawa, Ont.

The CHAIRMAN.—Perhaps you had better leave it until Mr. Young is on the stand.

Mr. BARKER.—I want to have it left over so that it may go in the appendix in its regular order.

Mr. JOHNSTON.—I will read the letter just for the information of the committee.  
(Reads):

‘TORONTO, November 15, 1906.

‘*Re Block F in St. Boniface.*

‘DEAR SIR,—This is to confirm my offer to you of block F, St. Boniface, which contains 279 acres, more or less, at the rate of \$2,000 per acre. As you say, if this is too much land for your requirements, I will be willing to sell 200 acres and arrange with you what part of the acreage I should keep.

‘I would like to hear from you as quickly as possible as I have several offers for small blocks of it.

‘Kindly answer to Winnipeg.

‘Yours very truly,

(Sgd)

‘R. J. Mackenzie.’

*By Mr. Johnston:*

Q. Mr. Mackenzie, although addressing the letter from Toronto, is a resident of Winnipeg?—A. Yes.

*By Mr. Reid (Grenville):*

Q. This is within the limits of the municipality?—A. Block F?

Q. Yes?—A. No, it is outside the limits of the municipality.

*By Mr. Barker:*

Q. It is surveyed into lots, isn't it?—A. Yes, but it is outside the municipality.

*By Mr. Reid (Grenville):*

Q. But it is all surveyed into town lots?—A. Not all.

Q. Part of it is surveyed into town lots and it is adjoining the municipality?—

A. Remotely, not very closely.

*By Mr. MacLean (Lunenburg):*

Q. It does not adjoin the municipality, does it?—A. No, there are several other lots between the municipality and that block.

Q. By ‘municipality’ you mean the city of Winnipeg?—A. No, St. Boniface. It is outside of that.

Q. Did you ever hear of the price of the church property up there?—A. I enquired about it myself.

Q. What was that valued at?—A. It was not on the market, they wouldn't sell it at all. They were offered by a friend of mine, \$1,200 per acre, and they did not accept it.

*By Mr. Reid (Grenville):*

Q. They do not generally sell church property?—A. This is college property, they had a whole township.

Witness discharged.

Mr. E. C. MATHEWS., called, sworn and examined.

*By Mr. Barker:*

Q. You are the gentleman the previous witness has been speaking of?—A. Yes.

Q. You have heard what he said about the Hamilton lots?—A. Yes.

Q. Is Mr. Kern's statement, as he made it, practically correct?—A. Yes, sir.

Q. What is about the fact as to your agreement with Mr. Hamilton?—A. Which?

Q. There is an agreement registered apparently from Hamilton to Kerns, assigned to you at the time, he thought it was made direct to you, what is your recollection of it?—A. My recollection in relation to that is that he got the land and transferred it to my name, that is as well as I can recollect it.

Q. That is it, I just wanted to get the thing straight. What is your occupation?—A. Hotelkeeper.

Q. Where?—A. Moosejaw.

Q. Moosejaw? How did you come to go into this speculation with Mr. Kern?—A. Through Mr. Kern.

Q. He offered it to you, did he?—A. Yes.

Q. Was there any particular reason why he should offer you a good thing like that?—A. No, not any more than that we were friends. I had been in with him in other deals.

Q. And he took you in on this and you had it assigned to you?—A. Yes.

Q. Was there any reason why it should be assigned to you instead of remaining in his name for both of you?—A. There was no particular reason at all.

Q. Did he think you would not trust him?—A. No, I do not think so. My recollection of it is that he simply said, I will put it in your name, that is all.

Q. You employed a lawyer to put it in your name?—A. Mr. Kern did.

Q. He assigned it formally to you?—A. As near as I can recollect he did most of the business.

Q. You expended no money in improving the property?—A. No, sir.

Q. You got the assignment of the Hamilton option in May, 1896?—A. Yes.

Q. And the amount you paid for that was \$40,000?—A. \$40,000, yes.

Q. For the two quarter sections?—A. Yes.

Q. And in November of that same year you made, you yourself as assignee, made a written offer of these same two sections, standing precisely as you bought them—A. Two quarter sections.

Q. These two quarter sections for \$84,000?—A. Yes, that is right.

Q. That was a profit of \$44,000 on \$40,000?—A. About \$40,000. I think it was, we had some expenses in connection with it.

Q. You paid the taxes and all those things, we always know that there are those expenditures in dealing with land, but the bare transaction was that you purchased at \$40,000 and sold at \$84,000?—A. Yes.

Q. You have heard what Mr. Kern has said about the negotiations with Mr. Young?—A. Yes.

Q. How did you come to see Mr. Young in connection with the matter?—A. I came up to Winnipeg on the advice of Mr. Kern who telegraphed for me to come. He apparently had seen the Commissioner the day before and he told me that he thought the Commissioner wished to see me. So I came down to Winnipeg and went to Mr. Morton's office where I met Mr. Young.

Q. Mr. Morton is the land agent?—A. Yes, sir.

*By Mr. Maclean (Lunenburg):*

Q. He is the land agent for the right of way?—A. Yes, sir.

*By Mr. Barker:*

Q. For the Commissioners?—A. Yes, sir.

Q. At his office you saw Mr. Young?—A. Yes, sir.



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Q. Did Mr. Young make the proposition to you or did you make it to him?—A. He spoke to me in connection with the buying of the land and I told him what I wanted, and eventually the deal was closed at \$250, I think, for the easterly quarter section, and \$275 for the westerly quarter, making \$262.50 for the 320 acres.

Q. That is \$84,000?—A. \$84,000, yes, sir.

Q. Who proposed that?—A. Who proposed it?

Q. Yes, the \$84,000?—A. I don't believe I can just tell you who proposed it. I know I asked Mr. Young a certain price and he said he wouldn't give it.

Q. But eventually you came down to \$84,000?—A. Eventually it came down to \$84,000, but as to who said \$84,000, the exact amount, I would not be prepared to say.

*By Mr. German :*

Q. It was a compromise price between you?—A. Yes, sir.

*By Mr. Barker :*

Q. It is also correct that you had not, at that time, paid Mr. Hamilton in full; you had only made one advance payment?—A. Yes, sir, only one payment, yes, sir.

Q. And the government advanced, some weeks before you got your title straight, \$30,000 to pay off?—A. Yes, I think that is how it was. Mr. Kern got the money for me, or for us, and he settled it himself through the lawyers. At this time Mr. Hamilton was in California.

Q. Mr. Kern got it from the government?—A. Yes.

Q. He got \$30,000, it is so stated in the papers with which Hamilton was squared off?—A. Yes, I think that is how it was.

Q. And some weeks after that you completed your title and got the balance from the government?—A. Yes, sir.

Q. Have you a copy of the agreement?—A. Have I the agreement?

Q. Yes?—A. No, I looked for it, I did have it, but I can't tell you where it is; the lawyers must have it. That is the option you refer to, I presume.

Q. I mean the one from Hamilton to Kern, assigned by Kern to you?—A. All I remember is that I signed it, and having the dealings with Kern, I cannot say whether I gave it to Kern or whether he gave it to me, I am not sure.

*By Mr. Maclean (Lunenburg) :*

Q. You can send it to the committee if you have it?—A. Yes, sir.

*By Mr. Carvell :*

Q. Have you ever had any other land transactions in the city of Winnipeg?—A. Yes.

Q. Tell me where and when?—A. I bought, two years previous to this, I had a deal in Winnipeg land. I had a deal with Mr. Maclean, the Mayor of Moosejaw with land in Fort Rouge, the beginning of the land would be about  $2\frac{1}{2}$  miles from the post office and it ran back 4 miles, making altogether 6 miles from the post office. It is what they call river lots running back from the Assiniboine river.

Q. How much land was there in the lot?—A. I think there was pretty close to 300 acres.

Q. What did you pay for it?—A. Something like \$37,000.

Q. How much per acre—that would be about \$100 per acre?—A. It would be about \$115 or \$120 per acre.

Q. Did you sell it again?—A. Yes.

Q. How soon?—A. I sold one-half of it in about 5 months at about 60 per cent profit.

Q. How much profit?—A. 60 per cent profit.

Q. At 60 per cent profit, and if you paid \$120 per acre, that would be \$190 per acre?—A. Yes, somewhere about that, I would not be certain but it is somewhere in that neighborhood, 50 or 60 per cent.

Q. Profit ?—A. Profit, yes.

Q. What about the balance ?—A. I sold the balance, we got in the neighborhood of \$82,000. I think it was for the \$36,000 we put in. I forget the details of the transaction exactly, it is four or five years ago.

Q. It was a small deal for you, wasn't it ?—A. No, it was not particularly small, that was one of my first deals.

Q. How much did you clear out of the 300 acres of land you purchased ?—A. Some \$60,000, the two of us.

*By Mr. Sproule :*

Q. The land which you are speaking of now is in Fort Rouge ?—A. Yes, sir.

Q. In what part of Fort Rouge ?—A. It is in the southwest end of the city. At the time I bought it there was nothing there outside of the convent which was about a mile and a quarter from the land; and as I say it looked very blue—

Q. Is the land located between the convent and the river ?—A. Well, the land runs back from the river.

Q. The land goes to the river ?—A. Yes, to the river. I should say the frontage of the lots on the river would be about—well you can easily imagine when land runs back six or four miles from the river how small a strip of land it would be to run back for three or four hundred acres.

Q. Would it run back in the direction of the Agricultural College ?—A. No, the Agricultural College was further west.

Q. West ?—A. Yes. The line would run somewhat perpendicular along the east of the Agricultural College.

Q. I believe you are aware that that part of the city was sold off very rapidly and land was advancing to an enormous price ?—A. Yes, the land in Fort Rouge did eventually get to be considerably more in value than when I sold it.

Q. When did you purchase ?—A. When did I purchase ?

Q. Yes ?—A. It would be, I think, about 1903.

Q. And when did you sell ?—A. I sold a half of it in about five or six months, as I say, and the other half in about a year and four months.

Q. That would be getting on to 1905 ?—A. Yes.

Q. At the time it was in a very active state. Now where is the land in St. Boniface ?—A. The land in St. Boniface ?

Q. Yes ?—A. The land in St. Boniface was east of the Red river.

Q. East of the Red river ?—A. Yes, the land in St. Boniface. I don't quite catch your meaning ?

Q. I mean was it outside the limits of the corporation ?—A. The land that we bought ?

Q. Yes ?—A. Oh, yes, outside the limits of the corporation.

Q. Well then you would not consider that there was any development in values, would you, compared with the development in Fort Rouge at the same time ?—A. No, not at the same time. In parts of Fort Rouge it was somewhat brisk but in other parts it was not. The part that I bought was not very brisk at the time of the purchase or otherwise you can easily imagine I could never have bought it for \$106 or \$107; in fact quite a few of my friends said I was crazy.

*By Mr. Reid (Grenville) :*

Q. How long have you known Mr. Young ?—A. Mr. Young ?

Q. Yes ?—A. I have not known Mr. Young any length of time.

Q. Did you know him prior to the making of this arrangement ?—A. Not personally, no. I knew of him.

Q. You knew of him ?—A. Yes.

Q. Did you know where he lived ?—A. I knew he lived in Winnipeg—at least I had an idea that he lived in Winnipeg—and knew that he lived in Deloraine at one time.

Q. Where is Deloraine ?—A. Deloraine is in southern Manitoba.

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*By Mr. Maclean (Lunenburg):*

Q. You did not pay a commission to anybody?—A. No, sir.

Q. And you were not asked or solicited by anybody to pay a commission, were you?—A. No, sir.

Q. Do you think Commissioner Young made a good business arrangement when he bought that 800 acres for that price?—A. I certainly do.

Q. You think he did?—A. Decidedly.

Q. You think it was good business?—A. Yes.

Q. You think he did better by private arrangement than if he had proceeded by expropriation or by arbitration?—A. If it had gone to arbitration it strikes me that we would have got more for the land. Take my own case, while I was not interested so much as Mr. Kern was, I am satisfied I would have made considerably more money. Naturally Mr. Kern was anxious to sell because of the amount of land which he held about there.

Q. The people of the city of Winnipeg regarded it as a good business transaction, did they not?—A. So far as I know, I am not a resident of Winnipeg.

Q. You have heard the matter discussed, I suppose?—A. I have not heard it discussed very much.

Q. Did the Winnipeg papers ever say anything against the transaction?—A. I never heard a word against it; I never heard it spoken of.

*By Mr. Carvell:*

Q. Was the Agricultural College built at the time you purchased the land?—A. No. At that time I do not think there was very much talk of it. I did not hear of it when I bought the land. About six months, or a little while, after there was talk that there was to be an agricultural college going on through the country.

Witness discharged.

Mr. T. L. MORTON called and sworn and examined.

*By Mr. Barker:*

Q. What is your position, Mr. Morton?—A. Right of way agent.

Q. Right of way agent for the Transcontinental Railway?—A. For the Transcontinental Railway.

Q. What are your duties?—A. Well at the present time they are—

Q. As right of way agent?—A. To obtain contracts, or options as some people call them, for the right of way for the Transcontinental Railway and carrying out—

Q. Speak louder please?—A. To obtain options or contracts for furnishing a right of way by the property owners to the Commissioners and carrying out the agreements afterwards.

Q. What experience have you had in that sort of business?—A. I was secretary treasurer of a municipality in Manitoba for twenty-five years and was quite au fait with the assessment of rural lands naturally.

*By Mr. Maclean (Lunenburg):*

Q. Will you speak a little louder, please?—A. I had been secretary treasurer of a rural municipality in Manitoba for twenty-five years prior to taking the duties of right of way agent for the Commissioners.

*By Mr. Barker:*

Q. Secretary treasurer of a township municipality?—A. A rural municipality we call it there with 44 townships in it.

Q. Not a city or town municipality?—A. No.

Q. And you had been a sort of assessor there?—A. No, I had been treasurer.

Q. Well, did you become familiar with assessments?—A. Yes, sir.



- Q. That is the sort of experience you had?—A. Yes, sir.
- Q. Who appointed you?—A. The Commissioners.
- Q. The Commissioners appointed you as right of way agent?—A. Yes.
- Q. To make contracts?—A. Yes.
- Q. Did you consider how to value the lands or to get the lands value?—A. I did both.
- Q. You did both?—A. Yes.
- Q. You valued yourself and sometimes you got a valuation?—A. Yes.
- Q. Did you value this land which we have been talking about?—A. Yes.
- Q. Did you make a report upon the value?—A. Yes.
- Q. In writing?—A. Not specially on this—
- Q. I don't know what you mean by specially, did you make a report in writing?—
- A. Not specially on these five quarter sections, I made a report to the Commissioners along the whole line.
- Q. That would be for the mere right of way?—A. For the mere right of way.
- Q. You know there is a very great difference in valuing a right of way where it cuts a farm in two and where you take the whole of it?—A. Yes.
- Q. You did not value this property in that way at all, did you?—A. No.
- Q. Was any valuation made in that way by any officer of the government?—A. Not that I know of.
- Q. These people asked a certain price, I understand you were present?—A. Yes.
- Q. And they asked a price and there was a marking down of that price?—A. If I remember right Mr. Kern asked \$350 per acre at first.
- Q. You have heard his statement here, I suppose it is substantially correct?—
- A. I heard a part of it.
- Q. You were present during that conversation he spoke of?—A. Yes.
- Q. Now in what way were you acting? Were you acting, or was Mr. Young acting?—A. Mr. Young was acting.
- Q. You were taking no part except to listen?—A. Yes.
- Q. Who drew the contracts?—A. Mr. Johnson.
- Q. He is the government solicitor?—A. The right of way solicitor, yes.
- Q. You really took no part in this business at all except to be present in your office?—A. That is all.
- Q. That is all you did from first to last?

*By Mr. Maclean (Lunenburg):*

- Q. Did not Mr. Young consult you or ask your opinion or advice?—A. That was prior to Mr. Kern being there.
- Q. You discussed the whole matter with Mr. Young?—A. We discussed values.
- Q. Yes, that is what I meant?—A. But not before Mr. Kern.

*By Mr. Barker:*

- Q. Did you discuss the value of these properties as entire or only as regards right of way?—A. Oh, yes, as a whole.
- Q. You did?—A. Oh, yes.
- Q. Did you tell him what your opinion was as to the value?—A. Yes.
- Q. What was your opinion as to this land?—A. The value of this land?
- Q. Yes?—A. As to what.
- Q. The government buying up 800 acres?—A. I told Mr. Young I thought if they got the whole of the five quarter sections for less than \$300, they would be making a good bargain.
- Q. You told him that?—A. Yes, I knew what they had been sold for and I knew the increase in value of land in that district; at that time there was not only the natural increase—
- Q. You say you knew what such properties had been selling at?
- Mr. CARVELL.—Let him finish the answer.

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*By Mr. Barker:*

Q. He can give that afterwards. I want him to answer this question now. You say you knew what such properties had been selling at within the year?—A. Yes.

Q. At what? Give us an instance?—A. Well, I could not say exactly the year, I knew they had been bought the preceding year.

Q. Did you know what Mr. Hamilton sold part of this very property for?—A. I knew what Hamilton told me he sold for. He was living on the place and I went to him for a contract for the right of way, and he said I have given the option on it to such a date and I expect it to be taken up.

Q. When did you go to him?—A. In the month of June, 1906, or in 1905, isn't it?

Q. 1906, that was about three weeks after he sold?—A. In 1906, that is about it, shortly after, yes.

Q. Did you ever get a look at the agreement?—A. No.

Q. Did you ask Hamilton what he sold for?—A. Yes.

Q. Did you tell Mr. Young what Hamilton sold for?—A. Yes, I think I did.

Q. These people you knew at that time were holding these two quarter sections, under contract five or six months old, at \$40,000 for the two quarter sections, you knew that?—A. Well, we take everything by the acre there.

Q. Did you know that, put it any way you like?—A. At \$125 per acre.

Q. You knew Hamilton, within five months before this time, had sold that to Mr. Mathews, or Mr. Kern, at \$125 per acre?—A. Yes—well, no, I didn't know the date.

*By Mr. Maclean (Lunenburg):*

Q. You knew the amount?—A. I knew the amount; it might have been sold a month before or six months before.

*By Mr. Barker:*

Q. Didn't Hamilton tell you he had just sold it?—A. No, he did not say 'just.'

Q. Did you ask?—A. No.

Q. You were there for business, I suppose, and you did not find out when it was sold?—A. It was not part of my duty.

Q. It was not?—A. No, I found sufficient to know that Hamilton hadn't anything to do with it after he sold it.

Q. And you as the land agent, helping the government to buy land as cheaply as possible, did not think it was any part of your duty to find out what lands had been selling for recently there?—A. I did find out.

Mr. MACLEAN (Lunenburg).—That is not a fair way to put it. He says he did find out.

*By Mr. Barker:*

Q. When you were talking with Hamilton you did not try to find out when that sale took place?—A. No, I did not find out. He may have told me it was sold lately, or something like that.

Q. You did not ask particulars, did you ask who the purchaser was?—A. Certainly.

Q. You did?—A. He told me it was Kern.

Q. You did not know Mathews was in it at that time?—A. No.

Q. Did you at any time look at these properties to see what they had passed through the registry office at?—A. No.

Q. Not one of them?—A. No.

Q. Did any person, acting on behalf of the government, try to find out what the prices had been of this property from year to year?—A. I do not know.

Q. Did you make any enquiry as to what the Arctic Ice Company had sold this property at?—A. I did.

Q. You heard they had sold it at what?—A. At the same price, \$125 per acre.

Q. When did they sell, was it within a year?—A. I found that out from Mr.

Hutchback, who was the agent, and I think perhaps a partner in the Arctic Ice Company. I cannot remember whether he told me the exact date of the sale, but I think it was the same year, probably the same year.

Q. It was within a year, at all events, that is what you understood?—A. Yes.

Q. You made no written report of this?—A. I made a written report only on the right of way, and these enquiries were all made in regard to the right of way.

Q. You were not talking of buying a block of property at that time?—A. There was no word or suggestion of that either in my mind, or their minds or the public mind at that time.

Q. You did not consider it in that light at all?—A. No.

Q. I see here there are \$138,000 charged as paid, that is all to Mr. Kern, and there are \$84,000 paid to Mr. Mathews, and to Morton for expenses and salary, or whatever it is, \$10,036.97, you appear to have just made these two purchases, to have closed these two purchases,—I will omit now for the present the hire of horses and all that sort of thing, and you got apparently for your services \$9,355, what was that for?—A. I did not get anything of the kind.

Q. Well, it is charged here?—A. I am just getting \$100 per month, that is all I was getting.

Q. There was \$9,000 for right of way, and you got your salary?—A. Yes.

Q. They put it rather badly here. What was that \$9,355 for? Was it anything affecting these properties?—A. Not these properties, no.

Q. Was it anywhere in the neighbourhood there?—A. Yes.

Q. For right of way purposes?—A. Right of way only.

Q. I won't go into that. Was there any person asked at all to value these properties on behalf of the Commission?—A. Not by me.

Q. Or by anybody else to your knowledge?—A. Mr. Young told me he got the values generally in that neighbourhood of property, but he never spoke to me about any particular land for shops at all. I only—

Q. He instructed you to look after the purchase for the right of way?—A. Yes, that was a general instruction.

Q. He never gave you any instructions to look after that property for this purpose?—A. He gave me instructions, first of all, general instructions as regards the purchase of right of way, and then I had instructions from Mr. Young to find out the general value of property in the neighbourhood for ordinary farming or market gardening or subdivision purposes and I did so, and I reported to him verbally.

Q. You told him what the Arctic Ice Company got and what Hamilton got?—A. Oh yes.

*By Mr. Carvell :*

Q. Did you tell him the value of the property in that locality?—A. Yes, my idea of it.

Q. What did you tell him was the value of property in that locality?—A. Starting from block F, which we have heard talked of so much, for which \$2,000 per acre was asked in the letter of Mr. Mackenzie, the next block I valued at about the same.

Q. That is \$2,000 per acre?—A. Block D. The ground in that block was subdivided into town lots. Then it came down to blocks C and B and I think I put them at about from \$1,200 to \$1,500 per acre.

Q. That was the price per acre?—A. Yes, in the west we say 'per acre' just as we would 'per bushel.'

Q. Yes, I observe that?—A. Then lot A, which belonged to the Roman Catholic mission, and which came within half a mile of the particular land, I think I put that at about nine—I think it was under a thousand—at about nine hundred or eight hundred per acre. Then came some lots of the St. Boniface College. They were a little less, although we actually paid more for the right of way per acre than we did in the other cases because we were cutting across corner-ways. I think I put a value on them of \$700 per acre. All these were in the old parish lots. Then we struck the Dominion subdivision, surveyed into sections. First there was an 80 acre piece belonging to Mr.



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Ernest Kern, not the gentleman who is here this morning. I put a valuation on that of about \$550 per acre, and the next was this property of Mr. J. H. Kern, which was sold to the Commissioners. I thought the first quarter ought to be worth \$450 per acre and gradually graded them down from \$450 to—I think there were five of them in a row—either \$275 or \$300.

*By Mr. Reid (Grenville) :*

Q. Where are those lands you are talking about ?—A. These are the lands starting from block B which have been under discussion. I have given you my valuation on the whole of them.

*By Mr. Carvell :*

Q. Did you so report these valuations ?—A. Yes.

Q. Before the purchase ?—A. Yes, before the purchase.

Q. My friend Mr. Barker asked you if you took any pains to see what the assessment on these different properties had been. Would that be of any assistance to you in ascertaining the value of property in the vicinity of Winnipeg ?—A. The municipal assessment ?

Q. Yes ?—A. None whatever.

Mr. BARKER.—I did not ask him about that but only said I thought he was an assessor.

Mr. CARVELL.—There was a question asked by somebody if he had looked into the assessment of the land.

Q. Would the assessment on the land be of any value at any particular time as to the actual value of the land ?—A. None whatever, they do not assess improvements.

Q. More than that is it not a fact that land at that time was increasing in value in the vicinity of Winnipeg ?—A. Yes.

Q. And the assessment put upon it one year would not be any criterion of its value next year ?—A. No.

*By Mr. Maclean (Lunenburg) :*

Q. It was Mr. Young's policy not to make public the exact location of the shops until he had actually obtained an option on the lands, was it not ?—A. As a matter of fact he swore me to secrecy and also the right of way solicitor, that we would not divulge in any way that the Commissioners were then entertaining the idea of purchasing the land for shops there and it never got out. It never got out until the option was closed.

*By Mr. Barker :*

Q. But after these options he did not try to get any others in ?—A. Well, I don't know.

Q. As far as you know ?—A. As far as I know he did not.

Q. And the valuations that you have been speaking of to Mr. Carvell were valuations for right of way through property ?—A. No, the actual value of the land.

Q. But you told me a few minutes ago that you made no valuations at all except for the purpose of right of way purchases ?—A. What I said was that I reported to the Commissioners my valuation of the whole line for right of way purchases. Afterwards I discussed with Mr. Young, before he interviewed Mr. Kern, this matter and I made a report as to my valuations of land in the neighbourhood.

Q. You told him, did you not, of the sales of the Arctic Ice Company ?—A. Yes.

Q. What the actual sales were that year ?—A. Well, the actual sales as far as I could find out.

*By Mr. Maclean (Lunenburg) :*

Q. You think that Commissioner Young made a very good bargain when he purchased 800 acres at that price ?—A. Yes.

*By Mr. Jackson (Selkirk):*

Q. Suppose the Grand Trunk Pacific had crossed at St. John and gone out on the other side of the Canadian Pacific Railway shops, could you give me any idea of what the 800 acres would have cost in the same district?—A. In Kildonan?

Q. What would they have cost there?—A. In Kildonan?

Q. Back of Winnipeg?—A. On the north side?

Q. On the north side of the Canadian Pacific Railway shops?—A. They would have cost as much as block F.

Q. What would it have cost from Fort Rouge out for the same distance?—A. The proportion is higher there again. That is the same distance as where they cross from St. Johns you are speaking of?

Q. Yes?—A. From \$2,500 to \$3,000.

Q. Was this the cheapest property the Grand Trunk Pacific could have got within that distance of Winnipeg?—A. Certainly. The whole property east of the Red river was far lower than it was anywhere else at the same distance from the centre.

*By Mr. Sproule :*

Q. Have you any knowledge of the value of land in that part of St. Boniface or Fort Rouge, and where you are talking about, opposite the St. Johns' College?—A. I only know general valuations, I don't know of any actual sales.

Q. What would be the difference in values?—A. The values in the north and west of Winnipeg would be certainly from a third to a half more than in the east of Winnipeg.

Q. I mean comparing Winnipeg with St. Boniface where this land was?—A. You see, St. Boniface, although it is a separate municipality, the town of St. Boniface is so adjacent to Winnipeg that we generally talk about Winnipeg as if St. Boniface was part of it. When we speak of four miles from the post office we mean four miles from Winnipeg post office, no matter whether it takes in St. Boniface or St. Johns or any of these other places.

Q. I suppose you are aware of this fact: that you can buy land in St. Boniface for less than a quarter of what you can buy land at in Fort Rouge or around St. Johns College—I mean same classes of lots?—A. You can buy them for considerably less.

Q. That is my information. What distance from St. Boniface is this land outside the city limits?—A. Outside the town of St. Boniface?

Q. Yes?—A. From the town of St. Boniface to the nearest point of these shops? That would be from block B across blocks B and A. It would be about a mile and a quarter.

Q. Outside of the city limits?—A. Outside of the town limits of St. Boniface.

Q. Would you apply to any real estate man in Winnipeg to ascertain the values of lands in that locality, buying the lands outright?—A. I got valuations.

Q. Were you in the real estate business then?—A. No.

Q. Were you ever in the real estate business?—A. Not as a member of the exchange.

Q. Were you in the real estate business in Winnipeg?—A. No.

Q. Did you ever apply for valuations of property in that locality?—A. Yes, I did.

Q. To ascertain the valuations?—A. Yes.

Q. To whom did you apply?—A. To Mark Fortune and to C. H. Enderton and Company.

*By Mr. Maclean (Lunenburg):*

Q. Do you approve of the policy pursued by Commissioner Young in obtaining these lands quietly without making any public demonstration, was that preferable to arbitration proceedings?—A. If it had been known at the time that the government had to acquire these lands for shop purposes I don't know what they would have had to pay. Land in the west, you know, will soar up 100 per cent in value very easily.

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Q. Then you approve of that course being pursued in obtaining control of these lands?—A. Yes, it was the only practicable way of doing it.

Q. It was the only way of doing it?—A. Yes.

Q. You think they saved money by it?—A. Yes.

Q. You have known the value of land in the west, yourself personally, for a great number of years?—A. Oh, yes, I have been there over thirty years.

Q. You have not been practicing in real estate?—A. I have to a certain extent. When you say real estate agent, you have got to be a member of the exchange there.

Witness discharged.

Committee adjourned.

COMMITTEE ROOM No. 32,  
HOUSE OF COMMONS,  
THURSDAY, May 7, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the further consideration of payments aggregating \$235,271.61, Transcontinental Railway, District F, Terminals and Right of Way, as set out at page W—338, Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. C. A. YOUNG, Commissioner, Transcontinental Railway Commission, called, sworn and examined.

*By Mr. Maclean (Lunenburg):*

Q. Mr. Young, you are one of the Transcontinental Railway Commissioners?—A. I am.

Q. You reside in Ottawa at present?—A. Yes.

Q. Prior to your appointment on the commission you resided in the West, in Winnipeg?—A. Yes.

Q. How many years did you live in the West?—A. Since the spring of 1879, 29 years.

Q. Did you ever engage in the buying and selling of land during this period?—A. Oh, yes.

Q. That is, more or less, and you had some idea of land values during all these years?—A. I thought so.

Q. It became necessary for you to obtain lands for your railway shops for the Grand Trunk Pacific?—A. Yes.

Q. At or near Winnipeg?—A. Yes.

Q. I suppose it was necessary to own a considerable lot of land, wasn't it, for that purpose?—A. Well, we considered it advisable to secure sufficient lands for yards and shops to answer the purpose for all time, while it was cheap.

Q. I see that your engineer reported that you would require 600 or 800 acres of land, or that it was advisable to get that much?—A. Yes.

Q. Did you disclose to the public, long before actually purchasing, where these shops would be located, in any way?—A. We did not.

Q. I have been handed a copy of a telegram from Mr. Hugh D. Lumsden to Mr. A. E. Hodgins, who was the engineer making the charge against the commission, dated December 21, 1905, as follows:—



7-8 EDWARD VII., A. 1908

'A. E. HODGINS, Esq.,  
'District Engineer,  
'Kenora, Ont.

'DEAR SIR,—I wired you to-day in cipher, as follows:—"Do not run your survey nearer Winnipeg than centre of Range 4 East."

'Yours truly,  
(Sgd.) 'HUGH D. LUMSDEN.'

What was the purpose of that telegram?—A. I fancy the chief engineer had two objects in view: in the first place, to prevent the public generally speculating on the land in the vicinity of Winnipeg which we afterwards would have to secure.

Mr. BARKER.—Do you not think the telegram, or the letter, would answer for itself?

Mr. MACDONALD (Pictou).—No, it does not disclose the purpose.

Mr. BARKER.—First of all, it has never been produced under the order for the production of all the papers.

Mr. MACLEAN (Lunenburg).—Well, we are rather lax about these things; I can produce it another day.

*By Mr. Maclean (Lunenburg) :*

Q. What was the purpose in view in sending that telegram?—A. I understand that the reason I gave was one of the reasons—the reason was, that until we decided at what point we were entering the city of Winnipeg, it was not advisable to go too close. If we came into the south part of Winnipeg our line would have to be diverted to the south from that point, and if we came in on the north side it would naturally have gone to the north; but until the location in Winnipeg was practically decided upon, I understand that the chief engineer considered it unwise to go any closer with the survey than the centre of Range 4.

Q. That would have a tendency to keep the public guessing where you were going to locate, would it not?—A. Naturally.

Q. You had that in mind, had you not?—A. I had, yes.

Q. You did not procure these lands by arbitration proceedings or by exchequer court proceedings, you bought them privately on behalf of the commission, didn't you?—A. I secured the options privately.

Q. You got an option from Mr. Kern and an option from Mr. Mathews?—A. Yes.

Q. Mr. Kern said he never heard tell of you in his life until these negotiations, was that correct?—A. I never met Mr. Kern until I met him in our office in Winnipeg.

Q. That was the first time you ever met him?—A. The first time I ever met him.

Q. You never disclosed to anybody, prior to your meeting Mr. Kern, that you wanted this particular lot of land called the Arctic Ice Company farm?—A. Oh, yes. In the first place, our chief engineer and my colleagues knew of it, and Mr. Morton and Mr. Johnson, prior to Mr. Kern being called in.

Q. Then it was understood the policy was that you were to negotiate quietly for the option?—A. Yes, sir.

Q. And your colleagues concurred in that policy?—A. Oh yes.

Q. And the chief engineer, too?—A. And the chief engineer.

Q. Well, did you enquire as to the prices of lands adjoining to those that you subsequently bought?—A. Oh yes.

Q. What other lands was there available for you?—A. Well, the land between the property we secured and Winnipeg was held at very much higher prices. I understand that a party owning 80 acres, immediately adjoining our property, had been offered \$600 per acre prior to our negotiating with Mr. Kern. We also had an offer for Block F, containing some 280 acres, or thereabouts, at \$2,000 per acre.

Q. Who owned these lands, lot F?—A. It was Mr. Mackenzie submitted the offer.

Q. He submitted an offer in writing, by letter, which is on the file and in evidence?—A. I believe so.

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Q. Then there was the Roman Catholic church property?—A. The Roman Catholic church property, if you will refer to that map, immediately adjoins the 80 acres for which \$600 per acre had been offered; it is between that and Winnipeg, immediately adjoining the 80 acres, and I was informed they had been offered \$1,200 an acre for it.

Q. You were informed they had been offered \$1,200 per acre for it, and those 80 acres for which they were asking \$600 per acre immediately adjoins that which you subsequently bought?—A. For which they had refused \$600 per acre.

Q. For which they had refused \$600 per acre?—A. Yes.

Q. Then was Block F ever offered to you prior to that?—A. Yes, sir.

Q. At what price?—A. It was offered to me some time in the fall of 1905 for \$725 per acre, I think.

Q. For \$725 per acre?—A. Yes.

Q. Who owned it then, do you know?—A. I understand the Hon. Robert Rogers owned it—no, not at that time—it was offered by a real estate man in Winnipeg to me at \$725 per acre and afterwards the Hon. Robert Rogers bought it.

Q. You were offered Block F at \$725 per acre about the time the Hon. Mr. Rogers bought it?—A. Yes, sir.

Q. Were you ever given another figure on it later?—A. We were, by Mr. Mackenzie, at \$2,000 per acre.

Q. Did the Hon. Robert Rogers become interested in Block F between the autumn of 1905 and the time Mr. Mackenzie made that offer to you?—A. I understand that Mr. Rogers bought the property in the first place.

Q. In the first place?—A. That is, shortly after it was offered to me at \$725.

Q. Then Mr. Mackenzie became interested with Mr. Rogers?—A. I so understood it.

Q. And the price went up to \$2,000 per acre?—A. Yes.

Q. Have you ever heard that Mr. Rogers was fulminating on the streets of Winnipeg because you did not buy this piece of land?

Question objected to by Mr. Barker.

The CHAIRMAN.—That is not evidence.

*By Mr. Maclean (Lunenburg):*

Q. Well, Block F was offered to you subsequently at \$2,000 per acre?—A. Yes.

Q. You thought you could do better, and you negotiated with Mr. Kern and his partner for these other lands?—A. Yes, sir.

Q. You met him, in company with your solicitor, the commissioners' solicitor, in Winnipeg?—A. Yes, sir.

Q. And the commissioners' solicitor is?—A. Mr. Johnson.

Q. And you met together and negotiated?—Yes.

Q. How much did Mr. Kern ask for his land then?—A. Oh, he started in at, I think, \$350 per acre.

Q. He started in at \$350 per acre?—A. I would not be sure; it was \$350 or \$400, away up.

Q. Did you find him an easy person to negotiate with?—A. No, sir.

Q. He is a hard man to buy from?—A. I think he is.

Q. He looked a bit that way; and eventually you concluded the option?—A. Yes, sir.

Q. And you took a three weeks' option—I think the papers show that—from Mr. Mathews and Mr. Kern?—A. Yes.

Q. You paid how much on those options?—A. I think it was \$3,000 to Mr. Kern and \$1,000 to Mr. Mathews, that is what I understand.

Q. After the option was exercised these payments were to be applied on the purchase price?—A. Yes, sir.

Q. The commissioners eventually exercised the option?—A. Yes.

Q. Why did you take the option at all? Why didn't you buy direct?—A. Our

powers are limited, and the commission could not buy without the consent and approval of the government to close a deal of that kind.

Q. I see; so that you had to get the authority from the commission?—A. From the government.

Q. Well, the commission eventually bought the property at how much per acre?—A. Part of it at \$287.50 per acre; part of it at \$275 per acre, and part of it at \$250 per acre, according as it went east; the cheaper property was in the east.

Q. Your colleagues concurred in this?—A. Yes, sir.

Q. The chief engineer concurred in this?—A. Yes sir.

Q. What is your own judgment as to the policy you pursued?—A. I think by adopting the policy that we did we saved an immense amount of money to the country; I am satisfied of that.

Q. You are satisfied of that?—A. Yes, sir, that no other policy would have secured that land as cheaply as we secured it.

Q. Is it your judgment that had you resorted to arbitration or Exchequer Court proceedings, the land would have cost you more?—A. Certainly.

Q. You feel certain about that?—A. I do, for the reason that the moment it became known that this property was secured for railway purposes, I think, in twenty-four hours all the land in that neighborhood increased \$100 per acre, and in some cases over \$100 per acre.

Q. That is immediately it was made public that this land had been bought for railway purposes?—A. Immediately.

Q. You think then you got a good bargain?—A. I do indeed.

Q. You think the policy you pursued was a businesslike one and in the interests of the country?—A. I do.

Q. Did you enjoin secrecy upon Mr. Kern and Mr. Mathews when you obtained the option?—A. I did.

Q. For what purpose?—A. For the reason that should the government not decide to approve of it, or should want any delay, I did not want Mr. Kern to cancel his option at the expiration of the time and ask a higher price. If we wanted a renewal of the option we could get it without extra cost, that was my idea.

Q. Mr. Young, there is a letter addressed to you—

Mr. BARKER.—Is this another official letter?

Mr. MACLEAN (Lunenburg).—No, it is a letter addressed to him.

Mr. BARKER.—As commissioner?

Mr. MACLEAN.—(Lunenburg).—I presume so.

Mr. BARKER.—Why has it not been produced before?

WITNESS.—It is addressed to me, but not as commissioner.

Mr. BARKER.—Then it is not official.

*By Mr. Maclean (Lunenburg):*

Q. Just tell him what the letter is?—A. I might state this is just a letter in which the offer of this Block F was made to me at \$725 per acre; it is dated the 6th of September, 1905.

Q. And it offers you certain lands; where are these lands situated?—A. In the vicinity of St. Boniface.

Q. And what are the prices he asks for these lands?—A. Block F, \$725 per acre; Block G, \$825 per acre; then there is Block—well, another piece here, I think it was part at one time of Block G, at \$900 per acre, and then there is another piece at \$625 per acre, in fact there are three other pieces at \$625 per acre, and the way he makes the offer, he simply writes me that the total amount of land he offers in St. Boniface, this is from Mr. Fortune of Winnipeg, is 559 acres, and there is a tracing which shows the different blocks and the different prices. This property is two miles from the post office, and is by far the cheapest property that close to the centre of the city; that is what he says in the letter.

Q. Now, were those lots mentioned in that letter fairly near to the lots you pur-



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chased?—A. They are closer to Winnipeg, probably half way between the western boundary of our lots and the city of Winnipeg.

Q. And they naturally would command a little higher figure than those you bought?—A. Naturally, yes.

Q. There was no commission paid to anybody in connection with those purchases?—A. No, sir.

Q. You derived no personal profit for yourself?—A. Not a cent.

Q. Or anybody else?—A. Not to my knowledge.

Q. Did public opinion, so far as it was reflected in the Winnipeg press, approve of this purchase?—A. I never saw or heard any disapproval of the purchase neither through the press—that I would consider was disapproval at least—in the press nor by interview or anything of that kind.

Q. The press rather confirmed your policy?—A. I would understand so.

Q. It is a fact, is it not, that the *Winnipeg Tribune* and the *Winnipeg Telegram* commented rather favourably upon your purchase?—A. I thought so.

Q. Are these lands fairly level?—A. Very level.

Q. They would not require much work to make them suitable for the purposes they were bought for? Were they dry?—A. Dry and level, and in every respect much better than Block F.

Q. How would you get water there?—A. There is a flowing well on the property now.

Q. So that on the whole, Mr. Young, you say from your experience that you took the proper course to acquire these lands; it is your judgment that you paid a fair price?—A. I got them very reasonable, in my opinion.

Q. It is your opinion that the country received value in these lands?—A. Yes.

Q. And that you acquired railway shop lands cheaper in this way than you could have in any other way?—A. I do not think there is as good a railway yard in Canada, or the making of as good a yard, as there is in that property.

*By Mr. Barker:*

Q. Mr. Young, where did you live in the West?—A. I originally went to Turtle Mountain, Southern Manitoba; I afterwards lived at Deloraine, and then went to Winnipeg.

Q. You went from Turtle Mountain to Deloraine, and then where?—A. And then Winnipeg.

Q. And these are the only two places you have lived in?—A. Yes, sir.

Q. Have you ever lived in Moose Jaw?—A. No, sir.

Q. Mr. Kern and Mr. Mathews are tavernkeepers at Moosejaw?—A. So I have been informed.

Q. Did you know either of them?—A. I met Mr. Mathews, I knew Mr. Mathews years ago, when he was a newsboy on the train, but I had no idea it was the same Mathews until I met him again in Winnipeg.

Q. Probably you didn't know Mr. Mathews any more than you did Mr. Kern?—A. No more than Mr. Kern.

Q. Except in that casual way you say?—A. Yes.

Q. About the lands to the east of these lands in question, you made no attempt to buy there for yards?—A. No, sir.

Q. You just heard that the prices were high?—A. To the east of that property?

Q. Yes?—A. Well, not unless we had been forced to go east, I would not. I do not think the chief engineer would have recommended our going more than 7½ miles out.

Q. You did not attempt to negotiate nearer Winnipeg either?—A. No, sir.

Q. That property, Block F, was subdivided property, wasn't it?—A. Very little of it, if any.

Q. Some portion of it, then?—A. It would be a very small portion at that time.

Q. Some portion of it had been subdivided into town lots?—A. Possibly.

Q. Do you know that it was or was not?—A. I do not know it; part of it was not, but part of it may have been. When I went over the property, I did not notice any subdivision, although there may have been a part of it subdivided.

Q. The plan you have produced here shows that it was subdivided?—A. Does it?

Q. Yes?—A. I didn't notice that.

Q. You said you were very anxious to keep these negotiations secret?—A. Yes, sir.

Q. You were very anxious about that?—A. Yes, sir.

Q. And you enjoined secrecy upon Mr. Kern and Mr. Mathews?—A. I did.

Q. When was that?—A. At the time the option was secured.

Q. That would be in November?—A. November, yes.

Q. And yet two months before that you had been in negotiation to buy part of Block F?—A. We had an offer of Block F two months before that.

Q. And do you suppose when you began to negotiate and to get offers in writing, such as these letters you have produced for Block F in September, that the thing was secret that you were going there for lands, in that vicinity?—A. Everybody had an idea that we would require land, and these were offers made without solicitation from the commission.

Q. Yes, but then if you enter into correspondence with land agents, and people of that character in September to get property close to this land that you afterwards got there wasn't much secrecy about it, was there?—A. I do not know that I understand what you mean.

Q. There was a lot of secrecy about the commissioners wanting land in that vicinity in November when you had been negotiating in September for the lots?—A. I do not think there was any secrecy about our requiring land, but the location of it was what I wanted to keep secret.

Q. It was the neighbourhood, I suppose, you wanted to keep secret?—A. The exact property I wanted to keep secret.

Q. The exact property, that is all. I understand that you simply did not want anybody to know the exact property you were buying, that is all?—A. Yes.

Mr. MACLEAN (Lunenburg).—He says the exact location.

Mr. BARKER.—He says the exact property.

*By Mr. Maclean (Lunenburg):*

Q. Don't you mean the exact location, Mr. Young?—A. The exact location, certainly.

*By Mr. Barker:*

Q. You are one of the Transcontinental Commissioners, I suppose it is part of your duty to buy lands for the railway?—A. It was the duty of the commission.

Q. Was it part of your personal duty to go into the purchase of lands for the railway?—A. Simply as commissioner.

Q. Was it part of your duty to do that?—A. As commissioner, yes.

Q. It was?—A. Yes.

Q. Well, I understand that these commissioners take up different sections of the work, one would buy the lands and the others would do something else?—A. No, sir.

Q. How is it you were deputed to go and buy the lands?—A. It was on my suggestion, after discussing the matter with the chief engineer, that this plan should be adopted, and the fact of my being familiar with the conditions at Winnipeg, was, I presume, the reason for my colleagues asking me to negotiate the options.

Q. Who were your colleagues that requested you to go and buy these lands there?—A. The whole board.

Q. Was that in writing?—A. I do not think so.

Q. Eh?—A. I do not think so, except to the extent of the resolution under which the money I took for deposit on the options was paid.

Q. Of course, you have to get the money officially?—A. Yes, sir.

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Q. Who told you to go up and negotiate?—A. Well, I do not know how I can answer that; it was decided by the board that I should go up, I do not know it was by anyone specially.

Q. But the whole board, before you went up or entered upon these negotiations, directed you to do it?—A. Yes, sir.

Q. You say that?—A. Yes, sir.

Q. Who did you first see about these purchases?—A. In the first place the chief engineer and myself examined the lands earlier in the season.

Q. At what time?—A. I think it would be in July.

Q. That was done publicly, I suppose?—A. I beg pardon.

Q. I suppose you went on the ground publicly, you and the chief engineer?—A. We drove along the line of the railway, and naturally examined the ground, for the right of way.

Q. When did you first begin any negotiation for the purchase after you were directed to purchase?—A. I went immediately to Winnipeg and had Mr. Morton send for Mr. Kern and started the negotiation.

Q. How did you know anything about Mr. Kern?—A. I knew he was supposed to be the owner of the property, Mr. Morton informed me that.

Q. Mr. Morton informed you, you did not know anything about it yourself?—A. I knew through Mr. Morton who was our agent there.

Q. You only knew through Mr. Morton?—A. Only from Mr. Morton.

Q. When did Mr. Morton tell you this?—A. He told me, when securing the right of way, he gave me the name of the owner of each property.

Q. That would be some time before these negotiations?—A. Yes.

Q. How long before?—A. I could not say.

Q. Was it a year?—A. No, it would not be a year, for the reason that we were not attempting to secure the right of way a year before.

Q. Was it six months?—A. I think so.

Q. It was about six months before this?—A. At least six months.

Q. How is it you did not buy a right of way from Mr. Kern?—A. For the reason that I have explained before, that if we went in by the north side our line would have been deflected to the north, and if we went to the south it would have been deflected to the south of that point.

Q. When did you first determine to go on this line?—A. I do not know, I cannot give you the date, but we determined it as soon practically as we made up our minds to have joint terminals with the Canadian Northern at Winnipeg.

Q. In the neighbourhood, the immediate neighbourhood of this land you bought?—A. No, but in almost a direct line with this.

Q. With this land?—A. Yes.

Q. When did you first see Mr. Mathews?—A. I saw him after negotiating with Mr. Kern.

Q. Was it the same day you saw Mr. Kern or the next day?—A. I think it was between two and three days, I think we had three sittings altogether.

Q. Within one or two days after you began negotiations with Mr. Kern?—A. Yes, sir.

Q. Did you have any examinations made in the registry office to see what had been paid for these lands before you entered upon negotiations?—A. No, sir.

Q. You made no examination to see what the price of these lands had been to Mr. Kern or Mr. Mathews?—A. No, sir.

Q. Did you make any enquiry?—A. No, sir.

Q. You did not know?—A. I was informed what he had paid for them.

Q. By whom? By Mr. Kern?—A. By Mr. Morton.

Q. Had Mr. Morton been instructed to make enquiries about these lands with reference to these purchases?—A. No, sir.

Q. Why did he make these enquiries?—A. With reference to the right of way.



Q. It was with reference to the right of way he made these enquiries?—A. Yes.

Q. Then you did learn—all you did learn about this thing in regard to Mr. Kern was the idea that you might have to buy a right of way?—A. That is all.

Q. And it was not at all with reference to this transaction?—A. No, sir.

Q. You made no enquiry except through Mr. Morton, and what did he tell you he knew?—A. Well, I cannot recollect, but the impression he left on my mind was that the land had been purchased by Mr. Kern, and as nearly as I can recollect, he gave me a price of \$125 per acre.

Q. That is his impression was that the land had been bought by them at \$125 per acre, within what time?—A. Well, I do not think he stated what time.

Q. Well, did he say 'recently'?—A. I can't recollect what he said.

Q. Did you ask him if that price had been paid recently?—A. I don't think I did.

Q. Now, as a shrewd man of business, do you not think in buying lands it would be of great value to you to know how recently there had been an actual transaction and at what price?—A. Well, I did not consider that the price he may have paid for the land would affect its value very much. Land was increasing very rapidly, and it would not do much, if any, good to know that.

Q. Shortly, you did not think it was material to know?—A. I did not.

Q. Who was this Finley McIntosh?—A. He was a farmer, I fancy.

Q. Living on his place?—A. I do not know whether he was living there at the time or not.

Q. You are not sufficiently familiar with the surroundings to know whether he lived on his place or not?—A. He was not living on the place when I saw it, but of course Mr. Kern was the proprietor when I saw it. I think I had been over the place years ago.

Q. Was MacIntosh in any way connected with anybody in the Arctic Ice Company?—A. I think he was a cousin of McNaughton who was in the Arctic Ice Company.

Q. He was a cousin of Mr. McNaughton?—A. I think so.

Q. What was Mr. McNaughton?—A. He was one of the Arctic Ice Company.

Q. I suppose he is still?—A. I think so.

Q. Did you have any discussion with him about the value of the land?—A. No, sir.

Q. Did you ask any member of the Ice Company, who had owned this land that you bought from Mr. Kern, what he considered the lands were worth?—A. I did not.

Q. You knew some of these people, I suppose?—A. I did.

Q. Have you had any relations whatever with any of the people connected with the Arctic Ice Company?—A. I was acquainted with both Mr. McNaughton and Mr. McIntosh, with Mr. Huebach, and I do not know who are members of the company, but I am acquainted with the most of them, I think.

Q. Is any one of them any connection of yours?—A. Yes, sir, Mr. McNaughton and Mr. McIntosh are distant relations of mine.

Q. They are both connections of yours, in what way?—A. Distant relations, they are cousins, second and third cousins.

Q. Are they connected in any other way?—A. No, sir.

Q. Are they connected by marriage?—A. No, sir.

Q. Are they any connection of Senator Young by marriage?—A. Well, I do not know that has very much bearing on this case.

Q. I ask you the question?—A. All right, Senator Young is married to a cousin of both these gentlemen.

Q. Then there was that connection by marriage, and a connection by blood between you and these gentlemen who were interested in the Arctic Ice Company?—A. Not by marriage, no, my brother's marriage would not connect me.

Q. Well, with your brother, that is the Senator?—A. Yes, sir.

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Q. You are connected by blood with some of these people, and your brother is connected by marriage, and Finley McIntosh was connected with these people also?—A. Yes, sir.

Q. So you were, in a sense, connected with the whole lot of these people, from whom these purchases were made?—A. No, just those two, McIntosh and McNaughton.

Q. There were two lots besides Finley McIntosh's three lots purchased and they came through people who are connections of yours?

Mr. MACLEAN (Lunenburg).—These connections did not own the lands, it was the Arctic Ice Company. You might ask if he had any relations in the Arctic Ice Company.

*By Mr. Barker:*

Q. I suppose Mr. McNaughton and Mr. McIntosh had an interest in the ice company and have still, have they not?—A. I do not know.

Q. You do not know that?—A. I do not know.

Q. Now at the time that the Arctic Ice Company in which the McNaughtons were interested, at the time they sold to Mr. Kern, I suppose the McNaughtons, and all these people knew just as much about the railway prospects as Mr. Kern did, didn't they, or as Mathews did?—A. I do not know.

Q. Eh?—A. I do not know what they knew.

Q. Hadn't they the opportunity to know just about as much as any man in Moose Jaw, 400 miles away?—A. I should think so.

Q. You should think so, even if they had not been connected with one of the commissioners?—A. Certainly.

Q. And yet they sold for \$20,000 a quarter lot?—A. Yes.

Q. When was that?—A. I do not know, it is in the evidence here.

Q. We have it down in their testimony, and I need not trouble you repeating it.—A. I might state for the information of the committee that I never corresponded or discussed with either McIntosh or McNaughton the sale of their lands nor anything connected with that sale.

*By Mr. Maclean (Lunenburg):*

Q. I suppose if you had wanted to help any of your poor relations out you could have gone to them and told them and they would not have sold to Kern?—A. I simply make that statement positively and clearly.

*By Mr. Barker:*

Q. What I understand you to say is, that within a year before you bought these lands, these people were selling property and did not consult you as to the prospects?—A. Not at all.

Q. That is your statement?—A. Yes, sir.

Q. I suppose Mr. McNaughton was a shrewd man of business, wasn't he?—A. I always considered him so.

Q. He is on good terms with you?—A. The very best of terms, I haven't spoken to him, I do not think I have met him for two years.

Q. But Mr. McNaughton, having a large interest in this property, selling to a man who was buying, as he told us, Mr. Kern told us he bought because he saw you were going ahead with the railway, did not consult you before selling?—A. He did not consult me nor did any one on his behalf.

Q. When you saw Mr. Kern—in Winnipeg I understand it was you met him?—A. Yes, sir.

Q. You knew what they had paid for the land?—A. I did.

Q. They didn't have to tell you?—A. No, sir.

Q. You knew it already?—A. Yes, sir.

Q. And you knew what Mathews had paid for his?—A. I do not know that I did know what Mathews paid for his.

Q. How did you know what Kern paid?—A. Mr. Morton told me.

Q. But he did not tell you what Mathews paid?—A. He may have.

Q. You are aware, are you not, that the agreements are all on record, so that you could see everything?—A. Certainly.

*By Mr. Maclean (Lunenburg):*

Q. Mathews may have told you the day you were negotiating for the option?—A. He may have.

*By Mr. Barker:*

Q. Oh, Mathews had his agreement registered. When you talked to Mr. Kern and Mr. Mathews in those two or three days about the price, you, at all events, knew what Mr. Kern had paid for his land?—A. Yes, sir, I thought I did.

Q. You know also that their title was not complete, that they had only agreed to buy?—A. I did not.

Q. You did not even ask that?—A. I left that with the solicitor.

Q. You did not even ask how long they had owned it?—A. I don't think I did.

Q. You did not ask whether they had got the title or whether they had only an option to buy?—A. No, sir.

Q. In such a question as that, where you were buying property that was going to cost some hundreds of thousands of dollars?—A. I left that with the solicitor.

Q. You left that entirely with the solicitor?—A. But you were making a bargain about the price?—A. Yes, sir.

Q. You made no inquiry of that nature?—A. I did not consider it affected the price.

Q. Even as a matter of information you did not want to know anything of that kind, whether they had an option or had purchased, or whether you could get behind their agreement and buy it direct; you did not make any inquiry at all?—A. I did not.

Q. You knew you had power to expropriate if they were asking you an exorbitant price?—A. Yes, sir.

Q. And you knew you were not bound by what the arbitrators would do, and you could go to the Exchequer Court if there was any extortionate price asked?—A. Yes, sir.

Q. And you knew what the lands cost?—A. I did.

Q. And you made this proposition that has been carried out, you made that to them yourself?—A. The proposition of getting—

Q. The offer which has been carried out was made by you?—A. I am not positive whether the price offered was made by Mr. Kern or by myself, but it was the result of negotiation between us.

Q. Mr. Kern's story is, as you say, he asked more?—A. Yes.

Q. And after some talk you made this proposition which he accepted?—A. Well, possibly that was the way it was.

Q. Now, knowing that this property cost these two men, Kern and Mathews, within a year \$99,200 for the five lots, one of them cost \$19,200, you gave them \$222,000 for the property, didn't you?—A. Yes, sir.

Q. And you thought that was saving an enormous sum of money to the country?—A. I am satisfied it was.

Q. You reported it as a very fine bargain?—A. I did, and I think so still.

Q. You know now that they hadn't even paid for the land, don't you?—A. I heard the evidence the other day.

Q. The government actually advanced Mathews \$30,000 before they were obliged to pay a cent, to enable him to pay up for his land?—A. \$30,000 was sent to our solicitor for the purchase.

Q. To enable Mathews to pay for his land?—A. I do not think it was sent in that way.

Q. I will read your telegram and you will see you then offered that, and you



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further agreed, didn't you, to put the shops on a particular part of the property you purchased?—A. Yes, sir.

Q. And if you failed to do that how much were you to pay?—A. There was no provision as to what should be paid additional. I may explain that before going to the west the chief engineer made a rough draft of how he proposed to lay out the yard. In that draft he showed the probable location of the shops. I took the precaution in the negotiations that I did not limit it to any particular point east or west, except that it would be near the centre of our property.

Q. Near the lot they had kept back and held for themselves?—A. Near the lot which we did not eventually purchase although I had an option on it, and I did so for the purpose of getting the land at a reduced price.

Q. That is the way you put it. According to the agreement Mr. Kern wanted \$325 per acre?—A. I think he started higher than that.

Q. But finally when you came to the agreement?—A. \$325 per acre, yes.

Q. He took \$287.50 on condition that you put the shops where it was stated?—A. Yes.

Q. But it was to go up to \$325 if you did not put the shops there?—A. No, sir.

Q. That is his view of it?—A. My understanding is that we had two options, one was for the whole section, in which the location of the shops was not mentioned, at \$325 per acre. The other was for \$287.50 per acre with the condition that the shops should go within a certain distance.

Q. That was the condition, and he says himself he was to get the larger price if they were not put there, and it is so, no doubt about it. That \$325 per acre would make it \$18,000 more for the land. I am just giving you the figures because the agreement will speak for itself, but that will make the price \$240,000 if you do not build the shops within 500 feet of their land?—A. I do not so understand the agreement.

Q. We will put that agreement in, it will answer for itself. But Mr. Kern's contention is that you will have to pay him \$18,000 more if the shops are not located in that particular spot?—A. I did not understand Mr. Kern to say so and I do not so understand it.

Q. Assuming that Mr. Kern's statement is right, and that you had to pay \$18,000 extra if you did not comply with that part of the contract, it would probably be better to do that than stand a suit for damages for breaking your agreement, that will make the price \$240,000, in the one case the profit for these two men would be \$122,000 and in the other case it would be \$140,800, and you think that is a bargain, which you have to submit to your colleagues?—A. You seem to be reading something into that agreement which I do not think its language will justify.

Q. Leave that out for the moment and let us deal with what is distinctly set forth in the agreement. You paid them \$222,000 for the land which gave them \$122,800 of profit before they had paid all the money for the land?—A. I did not figure it out but I presume you are right.

Q. \$222,000 is the sale price—what was the total amount you agreed to pay for the land?—A. Something in the neighbourhood of \$222,000.

Q. That is the exact sum. The two quarter lots Mr. Kern put down at \$40,000. They kept one-third of the land they bought which made up the \$60,000 which was the total paid for the Arctic Ice Company's lots, is that correct?—A. I do not know what they paid for it.

Q. I thought you said you did know?—A. Which?

Q. What Mr. Kern paid for the ice company's lot?—A. I know in a general way, but I can't give you the figures at all.

Q. You knew then didn't you?—A. Mr. Morton told me some time previously to our purchasing what Mr. Kern paid.

Q. Then you knew what Mr. Kern paid?—A. I did in a general way.

Q. And you heard the evidence the other day?—A. I did, yes.

Q. Didn't you hear the other day that the price Mr. Kern paid was \$60,000 for

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the three quarters of the ice company, of which two were given to the Transcontinental railway and they retained one quarter, you heard that didn't you?—A. I heard that evidence.

Q. Didn't you hear that?—A. When we bought from Kern I didn't even know how much land Kern bought from the ice company.

Q. You didn't even know that?—A. No, I did not.

Q. Did you know it at the time?—A. Know which?

Q. Did you know what land they bought from the ice company when you made the bargain with Kern?—A. I knew they had bought the land we required from the ice company. I had the word only of Mr. Morton, but I did not know what other lands they had bought.

Q. You did not even know what lands Kern had bought from the ice company?—A. I did not.

Q. When you bought these lands from him?—A. I did not.

Q. You did not even enquire as to the number of quarter lots there were in that purchase?—A. I understood there were three quarter lots, but I did not know it.

Q. That is what has been given in evidence here?—A. Yes.

Q. What did you understand was the price Kern paid for the three quarter lots?—A. I understood it was \$125 per acre, that is what I had been told.

Q. It was \$60,000, wasn't it?—A. It depends upon the size of the lots, if they were exactly 160 acres each it would be.

Q. The quarter lots are 160 acres each?—A. Yes, if they were exactly 160 acres it would come to that.

Q. That is the evidence that has been already given and what I wanted to get at was—I want to state what the lands cost and what you paid for them, and I wanted to ask you upon your oath if you think this was a good bargain you made?—A. I certainly do.

Q. According to the evidence you heard the other day, \$99,200 was paid for the 800 acres you speak of?—A. That is my recollection of it.

Q. And that within about a year afterwards you gave \$222,000 for the same lands, and you had the power to go to the Exchequer Court if there was an unreasonable amount asked, and you think that was a good bargain, do you?—A. I do, indeed.

Q. That is what I want to get at.—A. I think it would have cost a great deal more money to go to the Exchequer Court, I am satisfied of that.

*By Mr. Johnston:*

Q. That is from your knowledge of the conditions?—A. From my knowledge of the conditions.

*By Mr. Macdonald:*

Q. What relation has the price paid for other lands in the neighbourhood to this statement that you have made, that you think this is a good bargain?—A. Take Block F, for instance.

Mr. MACLEAN (Lunenburg).—You have gone over that already, Mr. Young?—A. Yes, it almost trebled in value in the same time.

*By Mr. Barker:*

Q. Did Mr. Kern tell you who was in this with him, or that anybody was interested with him in this deal?—A. He did not, as a matter of fact.

Q. Did you ever hear that anybody was interested with him in this deal?—A. As a matter of fact I did not know that Kern was interested in the Mathews property until I heard the evidence here the other day.

Q. Have you ever heard that Mr. Kern had anybody interested with him in this deal?—A. I do not know that I have.

Q. Reflect a moment now, and see whether you did hear?—A. Well, I have heard

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a good deal one way and another but I do not wish to give any hearsay evidence under oath.

Q. You do not know of your own knowledge?—A. I do not know of my own knowledge.

Q. Nor as to the Mathews' deal?—A. Nor as to Mathews.

Q. You do not know as to either of them. From all you know of your own knowledge they were the sole owners?—A. For all I know, they were.

*By Mr. Maclean (Lunenburg):*

Q. What are these lots worth to-day, Mr. Young, or perhaps I should ask what are lots immediately adjoining these 800 acres worth to-day?—A. I cannot say what they would be worth to-day. I understand that lands a little to the south of property we bought are sold at \$350 per acre, and I understand that land a little to the north of where we bought and further from Winnipeg was sold at \$350 per acre, and some other land at \$300. I understand that from report.

Q. Did the Hon. Mr. Rogers ever ask you more than \$2,000 per acre for this land of his in Block F?—A. Mr. Rogers did not.

Q. He never asked more than that?—A. No.

Q. Did he ask that?—A. Mr. Rogers never offered the land to me, during the time we were negotiating, it was Mr. Mackenzie made the offer at \$2,000 per acre, and I understood that he asked \$3,000 per acre for the right of way.

Q. He asked \$3,000 per acre for the right of way?—A. Yes.

Q. But Mr. Rogers was interested in this land with Mr. Mackenzie, so you understand?—A. So I understand.

*By Mr. Reid (Grenville):*

Q. How do you know? Do you know of your own knowledge?—A. No, sir.

Q. You do not know of your own knowledge, it is only heresay, common talk around the streets?—A. I know the same as I know that Mr. Kern owned the others.

*By Mr. Maclean (Lunenburg):*

Q. Have you any doubt about it?—A. I can't say whether Mr. Rogers is interested in the property to-day or not.

*By Mr. Reid (Grenville):*

Q. Or that he ever was?—A. Yes, I know he was interested in the first place.

Q. How do you know he was?—A. He told me so himself.

Q. He told you so himself?—A. Yes, sir.

*By Mr. Macdonald:*

Q. He told you so himself, did he?—A. Yes.

*By Mr. Barker:*

Q. Referring now to the options, when did you accept them?—A. In December, I fancy.

Q. On the 22nd of December, 1906, wasn't it?—A. I think so.

Q. That is what Mr. Kern says, and it is the fact too?—A. Yes.

Q. I see a copy of a telegram is produced by the department from Mr. P. J. Ryan, Secretary to the Commissioners of the Transcontinental Railway, addressed to Mr. Mathews at Moosejaw, Saskatchewan, stating that 'the Commissioners hereby accept option to purchase' etc., describing the lot, and a similar telegram was sent to Mr. Kern on the same day; both telegrams are in the same terms.

Q. When you sent that telegram, you understood, as any businessman would understand, that the bargain was confirmed?—A. Yes.

Q. And that that was an acceptance of the option?—A. Yes.



Q. And I suppose that you knew after that it was for the vendor to make his title good and get his money?—A. That is the natural inference.

Q. Now I find here, two days before that, the first letter apparently that is produced, communicating to the President of the Grand Trunk Pacific the intention to take this land for the shops?—A. Yes.

Mr. MACDONALD.—What is the date of that letter, Mr. Barker?

Mr. BARKER.—It is dated the 18th of December, 1906, and is addressed to Chas. M. Hays, Esq., President of the Grand Trunk Pacific Railway, by Mr. P. J. Ryan, Secretary of the Transcontinental Commission. I will read it now for the purpose of asking you a question upon it, Mr. Young, and it will be better to put it in the appendix along with the other correspondence: (Letter read by Mr. Barker)

*By Mr. Barker:*

Q. Have you such a recommendation from Mr. Morse, as referred to in that letter, in writing, approving of this land for shops and yards, or saying that the shops and yards should be contiguous to each other as you say here?—A. You will understand, of course, that the approval of the Grand Trunk Pacific was not absolutely necessary.

Q. I do not say it was.—A. But the location of the shops was discussed by Mr. Morse and the Commissioners at a board meeting and my idea at that time was that we should have the shops in St. Boniface.

Q. At your terminals?—A. Not the terminals, but the shops.

Q. I say your shops would be at the end of your section of the road?—A. Not at the end, because we go into Winnipeg, but just east of the river. My idea was that it would be an advantage to have them there so that the workmen could live either in Winnipeg or St. Boniface.

Q. Your reasons are not material, but the fact you say is that Mr. Morse wished it to be contiguous?—A. Mr. Morse said that in the operation of the road it would be a disadvantage.

Q. What I ask you is, was that in writing at all?—A. No, sir.

Q. Is there a board, or Commissioners' minute on that subject?—A. I do not recollect whether there was or not, I do not think so.

Mr. MACLEAN (Lunenburg).—There is a letter of Mr. Morse's on file giving his opinions on that.

Mr. BARKER.—I haven't seen it, there was no letter from Mr. Morse in connection with that statement. Mr. Ryan simply says that he spoke of that?

A. I think if there is a letter from the Commissioners in reply to it it would be on file.

Q. You see what he says there that Mr. Young has deferred to the views of Mr. Morse as expressed at a meeting—that is verbal, of course. Had you any letter in regard to that?—A. No, sir.

Q. I will read the letter of Mr. Hays on this subject which is addressed to the Hon. S. N. Parent, Chairman of the Transcontinental Railway Commission, dated December 21st, 1906, in which Mr. Hays gives his views on this matter? (Letter read by Mr. Barker, see Appendix) You remember getting that?—A. I recollect that letter.

*By Mr. Maclean (Lunenburg):*

Q. Mr. Hays apparently favoured the purchase of Block F, didn't he?—A. Yes.

Q. For which they asked \$2,000 per acre?—A. Yes.

Q. It looks as if the Hon. Mr. Rogers was trailing after Mr. Hays, doesn't it?

Question objected to by Mr. Barker.

*By Mr. Barker:*

Q. That letter was written by Mr. Hays on December 21st, 1906, certainly criticising to some extent this purchase. I find on the same day, December 21st, 1906, a telegram from Mr. C. A. Young to Thomas H. Johnson, Winnipeg, Manitoba,

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'Please make out and have executed deed for Kern and Mathews property covering south half of sections four and five and south quarter of three in accordance with terms of option and forward at once.'

Will you tell me why, having accepted the option on the 20th, and the contract being confirmed, and the duty remaining with the vendor to complete his title, you telegraphed your solicitor to get the deed at once—what was the object?—A. I had no special object.

Q. Why did you telegraph?—A. If you will look at the date of the expiration of the option you will find that there was, I think, only one or two days to go.

Q. But you had accepted the option, and you told me a few moments ago that the bargain was confirmed, and it was for the vendor to close, if it took him six months to make his deed to you?—A. I do not recollect exactly why I sent that message, but I presume it was to inform our solicitor that the option was accepted, and to proceed with the carrying out of the terms of the option.

Q. That was not necessary, you had told him in another letter that the option was closed?—A. Did I?

Q. I am only giving you an opportunity, Mr. Young, to explain why, on the 21st of December, you telegraphed to Mr. Johnson to get the deeds at once, what was the object?—A. I cannot recollect that I had any special object except what I have stated.

Q. You cannot recollect your reason for doing that?—Now, on the 22nd of December—

*By Mr. Johnston:*

Q. Before passing from Mr. Hays' letter you might as well make it clear with reference to one or two points. You have already observed that Mr. Hays seemed to favour the acquisition of this Block F.

Mr. BARKER.—No, he was not speaking of any particular block?—A. He did afterwards.

Mr. JOHNSTON.—Yes, he does, he intimates his preference for this Block F in which the Hon. Robert Rogers was interested, and which was offered to you, was it not, Mr. Young, for \$2,000 per acre?—A. Yes.

Q. If you had acquired that property, 800 acres, it would have cost you \$1,600,000.

Mr. BARKER.—There is not a word in Mr. Hays' letter to show that he favoured that Block F. It is not in the letter, although Mr. Johnston is putting it as if it were.

Mr. JOHNSTON.—It is quite clear that it is.

*By Mr. Barker:*

Q. Can you point to a word in Mr. Hays' letter recommending any particular place except that they should get as near the river as possible?—A. Mr. Morse certainly recommended Block 'F.'

Q. I am not speaking of Mr. Morse, but of Mr. Hays?—A. Well, Mr. Morse stated that he went over the property, Block F, with Mr. Hays, and recommended the purchase of Block F, a considerable time after this transaction, but he did.

*By Mr. Barker:*

Q. After the purchase from Mr. Kern?—A. Yes.

*By Mr. Johnston:*

Q. What I wanted particularly to get out was that if you had acquired Block F, 800 acres, at the price at which it was offered, and the proof that such offer was made is on the file, it would have cost \$1,600,000, so that, as a matter of fact, you had saved \$1,378,000 to the country by the purchase of the property you did purchase?

Mr. BARKER.—You are assuming that Mr. Morse would have recommended the purchase at \$2,000 per acre.

*By Mr. Bennett:*

Q. Do you mean to say that this \$2,000 was discussed after this other land had already been purchased by the Commission?—A. No, before. I drove over the land—

*By Mr. Barker:*

Q. On December 22nd Mr. Parent answered that letter of Mr. Hays: he says: 'I am in receipt of your favour of the 21st inst., having reference to the purchase of land in District 'F' Tp. 11, Range 4 East, a total of 800 acres (not 840 as stated in your letter) for the purpose of yards and shops, and have submitted same to our board for consideration.'

You see it is 'District F.' he is speaking of, and not 'Block F.' Mr. Parent in that letter says further, 'our chief engineer, who reports a continuous water supply on the property,' did the chief engineer report a continuous water supply on the property?—A. I do not know whether he reported it or not, but the fact is it is there.

Q. Mr. Parent says in his letter that he did; he tells Mr. Hays that in answering his objection. Now, did the engineer report anything of the kind?

Mr. MACDONALD.—Either verbally or in writing?—A. He must have reported it; both the chief engineer and myself saw the flowing well on the property.

Q. Here is what the chief engineer did report—after dealing with the price he says, in his report of December 7, 1906:

'Abundant water is stated to be obtainable by artesian wells through this section of the country from a depth of 70 to 100 feet.'

That is what the engineer reported?—A. That is one report.

Q. Is there any other report that you can point out on this subject by the chief engineer?—A. He reported, I presume, verbally, because we were all aware it was there, he and I had both seen the well.

Q. This report is dated in December, 1906, from the engineer to the Commission, and Mr. Parent, dealing with that report, says in his letter that the chief engineer reports a continuous water supply on the property, and that is all he says on that subject. But in the report of the engineer, as I have just read, all that is said is that an abundant supply of water is stated to be obtainable by artesian wells, not on this property, but throughout this section of the country, from a depth of 70 to 100 feet.

Mr. FINLAYSON.—It is unfair to draw that conclusion. There is nothing to show that the report you are quoting is the one that Mr. Parent is referring to in that letter?—A. I am satisfied that if Mr. Parent stated in his letter that the chief engineer had made such a report, he had done so.

*By Mr. Barker:*

Q. The papers are all here, can you point anywhere to any such report as Mr. Parent tells Mr. Hays he has received from the engineer?—A. He could not but have given him a verbal report—

Q. Do you think it was a verbal report?—A. Well, I told all the Commissioners and I think, in the chief engineer's presence, that there was a fine flowing well on the property.

Q. It is extraordinary that the chief engineer's did not report that?—A. Well, I do not know why he did not put it in just that way.

Q. This is a formal report on the whole thing from beginning to end, from which I have quoted, dated December 7th, 1906?—A. It is just a formal report.

Q. Yes, a very formal report. Do you mean to say that these gentlemen who are commissioners, without consulting the experienced railway officials of the Grand Trunk Pacific, undertook to settle that important question without getting anything more in writing from the chief engineer on the subject of the water supply, than is stated here?—A. As one of the Commissioners I want to say that I never had any doubt about the water supply.



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Q. I ask you again, did you gentlemen undertake to settle this very important question without consulting the company that was to operate the road? Did you get any further information in writing from the chief engineer than is set out in the engineer's report here which I have just read?—A. I cannot say.

Mr. JOHNSON.—I think the report of the engineer is specific enough, I think he says that an abundant water supply is stated to be obtainable.

Mr. BARKER.—He doesn't know it, he has made no enquiries.

*By Mr. Maclean (Lunenburg):*

Q. You never gave any information to Mr. McNaughton or to Mr. McIntosh on the subject of your buying these lands?—A. None at all.

Q. Directly, or indirectly?—A. Either directly or indirectly, at any time.

*By Mr. Barker:*

Q. Here is a letter here dated 31st December, 1906, from Rothwell & Johnson, which says that 'Mr. Mathews owes a balance of purchase money on the property which is being purchased from him, and he has requested us to advance out of the purchase money some \$30,000 in exchange for a good and sufficient conveyance, the balance of his purchase money to be paid as soon as the registration of the conveyance is completed.' You advanced that money, didn't you?—A. I presume so, the matter is left altogether with our solicitors.

Q. Can you give any reason why the government, before the money is payable, before you got the title, should advance \$30,000?—A. I do not know except that, at that time, it was on the representation of our solicitors, who are responsible people.

Q. This is a request to you, he is not recommending it, he simply says that Mr. Mathews wants it. I ask you the simple question, was there any reason why you should, before Mathews conveyed his property to you, or made his title good, advance him \$30,000 to pay what he owed on the land?—A. I presume the payment was recommended by the proper officer before it was made by us.

Q. I have read the solicitor's letter?—A. Our own solicitor, I fancy, would approve of it before it was sent.

Q. Of course you sent it to your solicitor and he paid the money, but I want to know what object or motive there was for the government to advance \$30,000 that you were not obliged to pay?—A. I presume our solicitors were recommending the payment.

Q. Who are they?—A. We have a law clerk, rather, in our office, Mr. Atkinson.

Q. You can give no other reason than that?—A. No.

Q. I see on the 3rd of January, 1907, this telegram was sent by your secretary to Messrs. Rothwell & Johnson, your solicitors at Winnipeg,

'Your letter thirty-first ultimo. Close with Kern. Make draft and attach deed—that does not refer to the \$30,000. Then it goes on

'If necessary draw on commissioners for thirty thousand dollars on account Mathews' property.'

Can you tell me why you paid that \$30,000? Can you give me any reason for it?—A. Matters of that kind, as I have stated before, are left altogether to our legal advisers.

*By Mr. Maclean (Lunenburg):*

Q. This money was the commissions' money, wasn't it? It was not the government's?—A. Yes.

Q. Mr. Young, you never divulged any information to Mr. McNaughton or to Mr. McIntosh concerning the possibility of the sale of this property?—A. Never.

Q. Was Mr. Morse, or Mr. Hays, insistent upon buying Block F?—A. Mr. Morse, a considerable time afterwards suggested our entering into negotiations to secure Block F for the G.T.P.

Q. Don't you think after all that he was merely catering to Mr. Rogers, or you do not know?—A. I do not know.

*By Mr. Bennett:*

Q. Do you mean to say that Mr. Morse was capping for Mr. Rogers?

Mr. MACLEAN.—I think Mr. Rogers would ask Mr. Morse to do that for him, perhaps.

*By Mr. Macdonald:*

Q. Did you know that Mr. McNaughten or Mr. McIntosh had any interest in this land when you bought from Kern?—A. I did not.

Q. You assumed that Mr. Kern owned that himself?—A. I did.

*By Mr. Barker:*

Q. Do I understand you that there was a letter from Mr. Morse recommending that Block F be purchased?—A. For the Grand Trunk Pacific, yes.

*By Mr. Maclean (Lunenburg):*

Q. No, I was mistaken, it was Mr. Hays' letter.

*By Mr. Barker:*

Q. There was no such letter, Mr. Young?—A. It seems to me I saw one.

*By Mr. Maclean (Lunenburg):*

Q. How much do you think these lots would have cost you if you had resorted to the Exchequer Court? Have you any idea?—A. I believe they would have cost us in the neighbourhood of \$100 more than what we have given.

Q. That would be a matter of \$800,000?—A. \$80,000.

*By Mr. Reid (Grenville):*

Q. Did Mr. Morton have an abstract of title——

*By Mr. Bennett:*

Q. Did you know that Mr. McIntosh owned these lands?—A. I did not.

Q. Did you know he lived there?—A. I knew he lived in that neighbourhood but I did not know on what lot he lived.

Q. You had never been at their house?—A. Never at McIntosh's; no.

Q. And you had no idea where he lived?—A. No, I had no idea; I knew it was in that neighbourhood, but I did not know where they lived.

Q. Did you know that McIntosh had any interest, or that McNaughten had any interest in the Arctic Ice Company?—A. McNaughten had an interest in the ice company, yes.

Q. You had no idea that McIntosh had any interest in this land?—A. I do not know that I can make it any clearer than I have already. I knew that McIntosh lived in that neighbourhood somewhere, but I never was at his house and I did not know he lived on this land that we purchased.

Q. I did not ask you about his living there, did you know he owned it?—A. I did not know he owned it until I heard at the time.

Q. You hadn't the faintest idea that McIntosh owned any portion of the lands that were required?—A. Not the faintest.

*By Mr. Barker:*

Q. Can you put your hands upon any letter from Mr. Morse recommending the purchase of Block F?—A. I do not know, I thought all the letters were on the file, but I will look it up.

Q. The only letter on the subject of the location that I can find is from Mr. Hays and it does not mention any particular lot. Can you produce or put your hands upon any letter from Mr. Morse recommending the purchase of Block F?—A. I will look it up, it seems to me there is one.

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*By Mr. Bennett:*

Q. Of your own knowledge were the McIntosh's the owners of other lands in that neighbourhood?—A. I do not know.

Q. Had you ever known him other than as a farmer?—A. McIntosh, I understand, was in the butcher business.

Q. You have known him as a butcher and farmer?—A. Yes.

Q. Had you known him as an extensive land owner?—A. I simply knew them: I have met McIntosh a few times in Winnipeg but I have never been at his place, and, as a matter of fact, I did not know very much what he was at.

Q. Had you ever known him as an extensive landowner?—A. Who, McIntosh?

Q. Yes?—A. No, I had not.

*By Mr. Barker:*

Q. Did you know of any person, other than McIntosh and the Arctic Ice Company, being interested in these lands, and in the sale to Kern or Mathews?—A. I did not.

*By Mr. Johnston:*

Q. I want to ask you, Mr. Young, will you look carefully over the files and ascertain whether there are any papers in connection with this matter which have not been brought down?—A. Yes, I will.

Witness retired.





# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RESPECTING

PAYMENTS AMOUNTING TO \$10,956.10 TO H. E. VAUTELET

FOR SERVICES ON

ST. ANDREW'S RAPIDS DAM, RED RIVER

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

- \$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.
  - \$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.
  - \$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.
  - \$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.
  - \$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.
  - \$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.
  - \$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.
  - \$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.
  - Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.
  - \$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.
  - \$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.
  - \$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.
  - \$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.
  - \$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.
  - \$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.
  - \$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.
  - \$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.
- and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.



## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

WEDNESDAY, April 22, 1908.

The committee met at 11 o'clock, a.m., Mr. Duncan Finlayson presiding, and proceeded to the consideration of payments amounting to \$10,956.10 to H. E. Vautelet on account of services as engineer in connection with the St. Andrew's rapids dam, Red river, as set out at page V—27 of the Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. H. E. VAUTELET, called, sworn and examined.

*By Mr. Northrup:*

Q. What is your business, Mr. Vautelet?—A. Civil engineer.

Q. Where do you practise?—A. In Montreal.

Q. I believe you drew the plans for the St. Andrew's rapids dam, near Winnipeg?  
—A. Yes.

Q. When was that?—A. When were they finished?

Q. When did you begin?—A. The first time I had anything to do with it was in 1901.

Q. The first time was in 1901—tell me what you did at that time?—A. Well, at that time, I studied the question generally without doing any work.

Q. How did you come to do that?—A. Because I was consulted by the department.

Q. You were consulted by the department in 1901, and studied the question generally without doing any work then?—A. Without doing any work.

Q. Was anything paid at that time for your services?—A. No.

Q. When next did you have anything to do with it?—A. On the 17th of June, 1902, I received an order from the department to draw plans for the superstructure, the movable portion of the St. Andrew's rapids dam.

Q. On 17th June, 1902, you received an order from the department to draw plans for the movable portion of the St. Andrew's rapids dam?—A. Yes.

Q. Did you do so?—A. No, sir; at the time I received that order from the department I had some other work that was to take precedence of the St. Andrew's rapids dam, so I did not do it then.

Q. When next did you do anything with the St. Andrew's rapids dam?—A. Well, it was on March 24, 1906.

Q. On March 24, 1906, what took place then?—A. I received a letter from Mr. St. Laurent, as follows (reads):—

' OTTAWA, March 24, 1906.

' H. E. VAUTELET, Esq.,  
' 69 Victoria street,  
' Montreal.

' DEAR SIR,—I am directed by the chief engineer to ascertain what would be your conditions for making contract plans for the movable portion of the St. Andrew's rapids dam, which would consist of a service bridge, about 800 feet long, and movable frames and shutters or curtains for a length of about 700 feet. As the plans for the masonry lock and dam are now being made, your charges to include payment for the



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necessary consultations with you in order that the fixed masonry work may be made on such lines that it will amply provide, as to general shape and proportions, for the metallic portion of the work.

‘Yours very truly,

‘A. ST. LAURENT,

‘Asst. Chief Engineer.’

Q. That is a letter from somebody asking you what your charges would be?—A. What my charges would be.

Q. Who is the gentleman who wrote that letter?—A. Mr. St. Laurent, the assistant chief engineer of the department.

*By the Chairman:*

Q. That is a letter from the department to you?—A. Yes.

*By Mr. Northrup:*

Q. Did you reply to that?—A. I replied on March 27 to Mr. St. Laurent as follows (reads):—

‘March 27, 1906.

‘A. ST. LAURENT, Esq.,

‘Asst. Chief Engineer,

‘Department of Public Works,

‘Ottawa.

‘DEAR SIR,—Your letter of the 24th instant re St. Andrew’s rapids dam has been duly received.

‘I expect to be in Ottawa on Friday next, and will give you an answer then.

‘Yours truly.’

Q. What was the next step?—A. The next step was that I wrote again on March 30th to Mr. St. Laurent to the following effect (reads):—

‘MONTREAL, March 30, 1906.

‘A. ST. LAURENT, Esq.,

‘Asst. Chief Engineer,

‘Department of Public Works,

Ottawa.

‘DEAR SIR,—In further answer to your letter of March 24th, I will undertake to make contract plans and specifications for the portion of the St. Andrew’s rapids dam consisting of the service bridge about 500 feet long and movable frames and shutters or curtains for the length of about 700 feet, for a percentage of 5 per cent of the cost of the dam as above described.

‘This price will include payment for my acting as consulting engineer for the masonry work, of which the cost will represent about four-fifths of the total cost of the dam.

‘In addition to the price above mentioned, I would ask the sum of \$600 to cover travelling expenses of a journey to examine similar dams constructed in Europe without any remuneration for the time occupied by the journey.

‘I think it is very important that we may profit by the experience acquired by others for a work of this magnitude, more especially about the wear under vibrations of the connections of working parts.

‘This price of \$600 would also include a report to the chief engineer on the result of my observations.

‘If you wanted me to design the work my charges, including journey, would be 5 per cent of the total cost.

‘Yours truly.’

Q. Then was that letter written after you had the interview that you referred to in your previous letter?—A. Yes, sir, because I came to Ottawa, and as the first letter

## APPENDIX No. 1

that was written to me by Mr. St. Laurent mentions that the remuneration was going to include my fee for consultation on the masonry work—I did not know what was meant by that, whether I had simply to see whether it was strong enough to carry the steel work.

Q. At all events, we will not bother about that; you had conversations here in Ottawa?—A. Yes.

Q. With whom?—A. With Mr. St. Laurent.

Q. And that conference was followed by the letter you have just read?—A. Yes.

Q. Was that the complete contract between you and the department?—A. That was my answer, and then I received a letter on April 15, I received a letter from Mr. St. Laurent as follows (reads):—

OTTAWA, April 17, 1906.

H. E. VAUTELET, Esq.,  
69 Victoria St., City.

DEAR SIR,—I am directed by the chief engineer to advise you that the honourable the minister has considered favourably your offer to undertake to make contract plans, and specifications for the service bridge and movable portions of the St. Andrews rapids dam, for 5 per cent of the cost of the metallic portion. This remuneration to include consultation work regarding the masonry part of the lock and dam.

Also the investigation of similar dams in Europe has been authorized, for which you have asked a sum of \$600.

I am sending you herewith copy of the chief engineers' letter in regard to this matter.

As the honourable the minister is anxious to have the tenders out as soon as possible in connection with the masonry work of the lock and dam, will you kindly let me know, when it will be possible for you to meet me with Mr. Dufresne who has that part of the work in hand, in order that we may consult together as to certain matters connected with the masonry dam.

Yours very truly,

A. ST. LAURENT.

And then there was enclosed with that letter a copy of the letter from Mr. Lafleur, the chief engineer.

Q. I don't care about all these details? A. The letter of Mr. Lafleur, of which a copy was enclosed, was as follows: (reads.)

OTTAWA, April 14, 1906.

Copy.

Subj. St. Andrews Rapids.

SIR,—I have to acknowledge the receipt of your letter of the 30th ultimo, covering communications from Mr. Vautelet, offering to undertake to make contract plans and specifications for the superstructure of the St. Andrews rapids dam, for 5 per cent of the cost of this superstructure, with an additional sum of \$600 to cover the cost of travelling expenses, to examine similar dams in Europe or elsewhere. The honourable the minister has authorized the employment of Mr. Vautelet, and the expenditure of \$600 for the trip. Would you kindly inform Mr. Vautelet that the honourable the minister is anxious that this work be performed as soon as possible, and ask him to obtain the information he requires with the least possible delay.

Yours truly,

EUGENE D. LAFLEUR,  
Chief Engineer.

A. ST. LAURENT, Esq., C.E.,  
Engineer-in-Charge,  
Department of Public Works.

*By Mr. Gervais :*

Q. What is the date of that letter ?—A. The letter of Mr. St. Laurent is dated April 15.

Q. Of what year ?—A. 1906.

Q. 1906 ?—A. With a copy of the letter of Mr. Lafleur to Mr. St. Laurent of April 14.

Q. 1906 ?—A. Yes.

*By Mr. Northrup :*

Q. Then the contract was that you were to be paid 5 per cent of the total cost, and to be allowed \$600, for a voyage to the old country ?—A. On the cost of the superstructure only, not the masonry.

Q. Five per cent on the superstructure only, not on the masonry ?—A. Yes

Q. And you were to be allowed \$600 for a trip to the old country to examine similar dams there ?—A. Yes.

Q. Had you, up to that time, drawn plans for any work similar to this work ?—A. I have drawn practically all the plans for the Department of Public Works for this class of work, steel work, since 1889.

Q. I am referring to this particular kind of work, the St. Andrews rapids dam; had you drawn plans for work similar to this work ?—A. There was no work done in America similar to this work, and there are only two examples of it in France.

Q. Then you had not drawn any plans for work similar to this up to that time ?—A. Not for steel work.

Q. I am not asking you about that ?—A. Because there was none.

Q. Then you had not drawn them ?—A. No sir.

Q. Exactly, that is what I want to get at. Was anything at all said at the time the contract was made as to what the cost would be on which you were to be paid ?—A. Well, the idea at the time—yes, there was an estimate of cost of a similar dam built in France on the river Seine.

Q. I mean when you were in communication with the department about this contract, was anything said about the amount ?—A. Yes, sir.

Q. What was the amount ?—A. If I remember right, it was a little less than \$300,000.

Q. A little less than \$300,000, that was the estimate ?—A. That was the rough estimate.

Q. Then, before you began work, I suppose the first thing you did was to go to the old country ?—A. I went to the old country.

Q. When did you start for there ?—A. It was on the 15th April, I think, that I started for the old country. Well, the end of April.

*By Mr. Pardee :*

Q. Of what year ?—A. Of 1906.

*By Mr. Northrup :*

Q. And when did you return from the old country ?—A. Well, I returned, I think it was about the end of May or beginning of June.

Q. The end of June ?—A. The end of May or beginning of June.

Q. So you were away about two months ?—A. No, sir, I was not away that long.

Q. Were you over a month away ?—A. Yes, sir, I was over a month.

Q. Somewhere between one and two months ?—A. Yes.

Q. And you visited similar dams in the old country, did you ?—A. I visited the only two dams that were in existence.

*By Mr. Gervais :*

Q. Where are they situated ?—A. One is at Port Mort and I don't remember the name of the other place; it is not very far from it.



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*By Mr. Northrup:*

Q. On what river are they?—A. On the river Seine.

Q. Are they both on the Seine?—A. Both on the Seine.

Q. Then you returned to Canada and proceeded to draw your plans, did you?—

A. No. At the time I was called here to Ottawa to finish the plans for the masonry.

Q. When you came back?—A. When I came back.

Q. You were called to finish the plans for the masonry?—A. Yes, to consult with Mr. Dufresne, who was the engineer in charge.

Q. That was something quite outside your first contract?—A. No, I was supposed to be consulting engineer upon the masonry.

Q. Then you came to Ottawa to consult with him?—A. Yes.

Q. And did you go on to draw your plans?—A. Then it went on until we finally decided about those plans, about the masonry plans.

Q. When was that?—A. That must have been somewhere in July, so far as I remember.

Q. July, 1906?—A. Yes.

Q. Did you proceed to draw your plans?—A. Then I proceeded to draw my plans.

Q. When did you hand your plans over to the department? We have no correspondence in this file, Mr. Chairman; there is only one single letter brought down?—A. I have here a letter to Mr. St. Laurent of April 16, 1907, in which I tell him (reads):—

‘If you happen to be in Montreal on Thursday, I would very much like to see you and to give you the last sheet of the St. Andrew’s rapids dam.’

That settles the date.

Q. What date was that?—A. April 16, 1907.

Q. By April 16, 1907, you finished your plans?—A. Yes, I was beginning to work on the specifications then.

Q. Then at this time in April, when you handed over your last sheet, no work had been done?—A. The work was progressing on the masonry.

Q. The work was progressing on the masonry, but nothing had been done on that work for which you had drawn plans?—A. No work has been done yet.

Q. No work has been done yet?—A. No work has been done yet. The specifications are being printed.

Q. You handed your last sheet over in April, 1907?—A. In April, 1907.

Q. Up to that time no work had been done, and no work has since been done?—A. Excuse me, some work has been done, as I understand. Of course, I was not very well posted as to that, but there was a part of the steel work——

*By Mr. Gervais:*

Q. I understand the original plans provided for eight spans, and then new plans were drawn according to your idea providing for six spans?—A. Yes, sir; the number of spans was changed from eight to six.

Q. And what was the total saving which was effected by that? A. I think the total saving must be \$30,000.

*By Mr. Northrup:*

Q. Let us be clear about one point. You handed over the last sheet of your plans in April, 1907?—A. Yes, sir.

Q. At that time no work at all had been done under those plans?—A. I do not think so. Of course, the engineer in charge could tell you better than I could.

Q. The masonry work had progressed?—A. Yes.

Q. The committee perhaps understand better than I do just what this work was. Describe briefly what the work was and what it was for?

*By Mr. Gervais:*

Q. Where are St. Andrew’s Rapids?—A. Half-way between Winnipeg and Lake Winnipeg.

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*By Mr. Northrup :*

Q. What was the work for?—A. To raise the water of the Red river.

Q. To raise the water of the Red river Yes?—A. To maintain a certain level in summer so that navigation may be carried on.

Q. It is a dam or barage?—A. It is a barage or dam, part of which is under water. It consists of a large dam of masonry, which is under water, and a movable dam above, so that it will have a free flow for ice in high water at springtime.

Q. Then the masonry part of the contract would be above the water would it not?—A. No, it is generally under water.

Q. Would it not be above water?—A. No sir.

Q. It would be under water?—A. Yes.

Q. And what was the superstructure for which you drew the plans?—A. The superstructure is a movable dam. If you had the plans here I might explain better. It is a movable dam. There is an overhead bridge supported on masonry piers. From that overhead bridge there are needles that are jointed to the bridge and brought down so as to touch the masonry. When these are brought down there are curtains that are unrolled right down to the bottom of those needles so as to make a temporary dam when the curtains are down.

*By Mr. Maclean (Lunenburg) :*

Q. Curtains between the piers of masonry?—A. Between the masonry piers. It is like a wooden dam that is resting on the metallic part of the movable dam.

*By Mr. Northrup :*

Q. Then these curtains that you speak of would be down under the masonry?—A. No, they are alongside the iron beams that are supported from the overhead bridge. You know what a stop-log dam is like. Well, instead of being supported by a crib this is supported by metallic needles that can be raised in the fall.

Q. How far had the masonry progressed in April, 1907?—A. I don't know, sir. I could not tell you, I was not in charge.

Q. Do you know as a matter of fact if there has been any particular progress made?—A. Yes, there has been in 1907. I understand that the lock walls were practically completed then. I remember seeing some photographs in Mr. St. Laurent's office. I don't remember the exact date, showing that the lock walls were completed and the first pier for the dam.

Q. Have you ever been up there at St. Andrew's dam to see?—A. No.

Q. You have never seen the work on the spot?—A. No sir.

Q. When did you receive your first payment from the department for your services in drawing the plans?—A. I do not remember.

Q. It would be some time subsequent to finishing the work?—A. It was right at the beginning, as soon as I got some work completed.

Q. It was right at the beginning?—A. I was anxious to get some money.

Q. Before you went to the old country were you paid anything?—A. \$600.

Q. That is all you received before you went to the old country?—A. Yes.

Q. How soon after you returned at the end of May, did you receive anything?—A. I received it as soon as I could. I think there was a payment of \$2,000.

*Mr. Maclean (Lunenburg) :*

Q. What have you against this man, Mr. Northrup, tell us something about it, we do not know.

MR. NORTHROP.—I have nothing against him, but I have something against the department that they paid him something over \$10,000 and it will depend upon how much the bridge costs how much more he will get, he may get another \$5,000, and they paid him this amount before the work started?

WITNESS.—No, sir, I did not get a cent before doing any work.

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*By Mr. Gervais*

Q. Did you receive \$10,000 in a lump sum?—A. No, sir, I received three payments, as far as I can remember, one of \$2,000, one of \$3,000 and one of \$5,000.

Q. You were paid according to the work you did?—A. Yes.

*By Mr. Northrup :*

Q. Here (producing file) are some of the cheques which appear to have been paid to you. On August 27, 1906, there is a cheque for \$356.10?—A. Yes, that was for something else, that was for a trip I made to the Soo in connection with the St. Andrew's rapids dam.

Q. You might as well explain about this cheque while you are about it, you have not told us anything yet of your trip to the Soo. What was the trip for?—A. I forgot all about it. If I remember right it was that at the Soo there was a movable dam that had been built by the American government so as to enable them to unwater the locks of the American canal, and I was sent by Mr. Lafleur to investigate this work and see how it was working, and to see if some work of that kind could be applied to the St. Andrew's rapids.

Q. So your trip to the Soo was on the same principle as your trip to the old country, to enable you to get the information upon which to draw the plans?—A. Yes, exactly.

Q. And you were paid \$356 for it?—A. Yes.

Q. I have a tabulated statement here showing how it was made up. You were allowed how much per day?—A. \$30 a day.

Q. How many days did you get at \$30 per day?—A. (After examining file) Seven.

Q. There are seven days charged at \$30 a day?—A. Yes.

Q. And the other entries give the expenses?—A. Yes, the expenses.

Q. And that was at what date?—A. That was on April 23.

Q. It was in June and July, practically; I think there is only 50 cents charged in April?—A. Yes, June and July.

Q. That was after you came back from the old country?—A. Yes, after I returned.

*By the Chairman :*

Q. Is that correct?

Mr. NORTHROP.—He said he was there in April and May.—A. There was only fifty cents charged in April, that was for a telephone message to Mr. Lafleur, the rest was in June and July.

*By Mr. Northrup :*

Q. How long do you say you were at the Soo at that time?—A. That is shown by the account.

*By Mr. Gervais :*

Q. You were five days at the Soo, were you not?—A. No, I was not five days at the Soo. You can see here from this account, here is the charge for my ticket to the Soo and back (pointing to voucher), and it will show when I returned.

*By Mr. Northrup :*

Q. At the beginning of that account there is a trip to Ottawa?—A. Yes, that was for consultation with the department.

Q. And you were allowed \$30 for that?—A. \$30 allowed for that.

Q. And the next item is a trip to Ottawa?—A. The next is for a trip to Ottawa, that must have been that they were making plans at the time.

Q. And you were allowed \$30 for that?—A. Yes, \$30 for that, that is all.

Q. And the next two days you were at Ottawa?—A. Yes

Q. That would be four days, so far, at Ottawa?—A. Yes, four days at Ottawa, and then there is from July 18 to the 21st at the Soo.



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Q. You just charged three days at the Soo?—A. Yes, three days at the Soo.

Q. So that out of seven days four were spent at Ottawa and three days at the Soo?—A. Yes.

Q. That was the first cheque you got, that is as far as appears from this file. Then the next cheque is for \$2,000?—A. Yes.

Q. That is dated October 16, 1906?—A. October 16, 1906.

*By Mr. Gervais :*

Q. That is the second payment?—A. \$2,000 is the second payment I received on account of the St. Andrew's rapids dam.

*By Mr. Northrup :*

Q. That is the second, and the third is for?—A. \$243.90.

Q. There is nothing on this to show what it is for?—A. I think that at the time Mr. St. Laurent asked me to send in an account for \$600 and I sent in the account, in fact I think I have a letter to that effect somewhere.

The CHAIRMAN.—What is the date of the first account?

*By Mr. Northrup :*

Q. On September 11, 1905, there is a voucher for \$600?—A. I think that \$243.90 with the \$356.10 was to cover the \$600.

Q. It says : 'On account travelling expenses and disbursements April, May and June'?—A. Yes.

Q. On the same day there is another cheque for \$356.10?—A. Yes, those two would make the \$600.

*By Mr. Gervais :*

Q. And that makes up the \$600 expenses you were allowed?—A. Yes.

*By Mr. Northrup :*

Q. Then the next cheque is on December 19, for \$3,000?—A. Yes, for \$3,000 and then there is one for \$5,000.

Q. That cheque is not here., ,

*By Mr. Gervais :*

Q. What is the date of that cheque for \$5,000?—A. I do not know.

*By Mr. Pardee :*

Q. This was all preliminary work, wasn't it?—A. Yes.

Q. Preliminary to building the dam?—A. Yes.

*By Mr. Northrup :*

Q. You say, Mr. Vautelet, that these cheques which I have shown you only amount to \$5,000, but, outside of travelling expenses, in the Auditor General's Report you are charged up with \$10,000?—A. Well, I received another \$5,000.

Q. You received the other \$5,000, I suppose, before the 31st March?—A. I could not tell you exactly; it was when the plans were finished.

Q. When the plans were finished?—A. Yes, sir.

Q. The plans, you told me, were finished by April 16?—A. Well, according to this letter just read.

Q. It was after the plans were finished that you got \$5,000?—A. I got \$5,000.

Q. And in the Auditor General's Report you are charged up with \$10,000 prior to the 31st March, 1907?—A. I could not say.

Q. Do you say the accounts are wrong then?—A. I don't know anything about those accounts.

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Q. There are no cheques produced from the department?—A. I got, as usual, a cheque, when they mentioned that no receipt was necessary.

Q. Then by April of last year you had received \$10,000 in addition to the \$600?—A. Yes, sir.

*By Mr. Gervais:*

Q. Is there a balance remaining due to you?—A. I don't know. That will depend upon the cost of the work.

Q. Have you any doubt as to that?—A. It is difficult to say, because the cost of everything has gone down since last year.

*By Mr. Northrup:*

Q. Then, when the \$10,000 was paid to you, had any work been done by the department under the plans which you had drawn for them?—A. I think part of the work was authorized. If I remember right—of course, I am not in charge of that part of the work—a contract had been given for steel castings as a part of the steel work that I had designed that had to be embedded in the masonry.

Q. You told me before two or three times that no work had been done?—A. I said I thought so, because, of course, I cannot know.

Q. Well, then, as far as you know, when you had received the \$10,000 no work had been done by the department under your plans?—A. Except possibly what I have stated; I don't know.

Q. Except possibly that an order had been given for steel castings? Have you any further claim against the department?—A. Well, I will have a claim of 5 per cent on the total cost of the work when the contracts are given.

Q. And if the work should be dropped and not gone on with, you would still claim the \$5,000?—A. Certainly.

Q. I see a further item of three hundred odd dollars paid you in connection with masonry, '8½ days at \$30; travel, &c., \$101.10—\$356.10.' What is that?—A. Work in connection with masonry? That must be that cheque you were speaking of, of \$356.10.

Q. That is in addition to the \$600?—A. Yes, that is in addition to the \$600.

Q. We had figured out only 7 days at \$30, and yet here are 8½ days, and I wondered if it was correct?—A. As to the amount of \$356?

Q. Let us look through and see if we were right in our calculation (after examining the accounts), when we stated before that in your \$356 account there were only 7 days at \$30, we were wrong. It should be 8½ days?—A. Yes, 8½ days.

Q. During this time, between April, 1906, and April, 1907, that you were engaged on the plans for the St. Andrew's rapids dam, were you doing any other work for the government?—A. Yes, sir.

Q. What other work did you do?—A. I made plans for an immigrant receiving depot at Quebec.

Q. When did you do that?—A. At the same time.

Q. Yes, I know, but in what month?—A. I think the order must have been given to me in September or October. Between September and November, I don't remember which.

*By the Chairman:*

Q. 1906?—A. 1906.

*By Mr. Northrup:*

Q. What was to be the value of that building?—A. \$350,000.

Q. And what percentage were you to be allowed in the case of that contract?—A. 3½ per cent.

Q. You were allowed 5 per cent on the St. Andrew's rapids dam?—A. Yes, sir; that was a different class of work

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Q. It was in October or November. I think you said, that you drew the plans?—  
A. When I received the order, if I remember right.

Q. Were you paid anything on that Quebec bridge before the work began?—A. It was not the Quebec bridge, but the immigrant receiving depot. I would not start the work until I had received \$3,000 in advance.

Q. Then you went to work to draw the plans for this \$350,000 shed?—A. Yes, sir.

Q. When did you complete these plans?—A. I know I left for the old country on the 16th or 14th of June, and all my work was finished at the time—before the 14th of June.

Q. 14th June, 1907?—A. 1907.

Q. Then, up to the time you had finished your plans how much had you received?—A. Three thousand.

Q. Then was the immigrant shed built under those plans?—A. I don't know; I don't think so.

Q. You don't know whether it has ever been built?—A. I don't know.

Q. As far as you know?—A. No.

Q. Have you received any more money?—A. No.

Q. You still have a claim against the department? For how much is that claim?—A. \$9,250.

Q. Now, during the same time, between April, 1906, and April, 1907, were you doing any other work for the department?—A. No, sir, I do not think so.

Q. Had you done work for the department before drawing the plans for the St. Andrew's rapids dam?—A. I had been doing work for the department since 1889.

Q. And how were you paid; on a percentage basis?—A. By a percentage. The percentage was fixed at the time when I began the work—it was 3 and 5 per cent.

Q. Fixed as to each contract?—A. No, sir; it was fixed in this way: There were three different items. If I designed the masonry and steel work I received 3 per cent. If I designed only the steel work and not the masonry, I received 5 per cent. Where there was masonry, such as swing bridges or large machinery, to design I was to receive 5 per cent on the total cost. That was my arrangement with the department.

Q. Apparently the less you designed the more you got?—A. No, just the contrary, sir.

*By the Chairman:*

Q. I think you are giving it the other way?—A. If I designed the masonry and steel work I received 3 per cent.

*By Mr. Northrup:*

Q. When you designed both you were paid 3 per cent?—A. Yes, and if I designed the steel work alone I got 5 per cent.

Q. Then when you designed for both classes of work you got a smaller amount?—A. Certainly, because the drawings for the masonry are very easily drawn.

Q. I see from the correspondence in the Auditor General's Report that you claim another \$5,000 should be paid you on the Quebec immigrant shed?—A. It was at the time I wanted to be paid, because I had received only \$3,000 altogether.

Q. And Mr. Lafleur, the Chief Engineer of the Public Works Department, agreed with you that you should be paid the other \$5,000?—A. I think so.

Q. And he recommended the account for payment?—A. I suppose; I don't know.

Q. Mr. Vautelet, do you know who has the contract for the work for which you drew the plans at St. Andrew's rapids dam?—A. You mean for the masonry?

Q. No; you did not draw the plans for the masonry?—A. No, I was consulting engineer on the masonry.

Q. I am asking about the work for which you drew the plans?—A. The contract is not given yet.

Q. Who has the contract for the masonry part?—A. I do not know.

Q. You do not know that? Do you know if the department is now proceeding



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under the same plans for the masonry work that they had when you drew your plans for the superstructure?—A. I suppose so, but I do not know.

Q. Have you ever been consulted by the department in connection with the masonry work, or the work for which you drew the plans, since that date in July, 1907?—A. Since July, 1907? No, sir.

Q. Since July, 1906?—A. Oh, since 1906, yes, of course, the plans were made at the time; I changed the dimensions of the masonry. After that, if I remember well, my letters will show it; after beginning on the steel work I saw it would be better to make six spans instead of eight—six spans of 133 feet instead of eight of 100, and I proposed that arrangement to Mr. St. Laurent, he accepted it, and so the change was made.

Q. At what date was that?—A. I have a letter here of August 31 to Mr. St. Laurent.

*By the Chairman:*

Q. In what year?—A. In 1906—August 31, 1906, which reads as follows (reads):—

‘A. ST. LAURENT, Esq.,

‘Assistant Chief Engineer,

‘Department of Public Works,

‘Ottawa.

‘SIR,—I return corrected plan No. 5, with changes made for 14-foot wide piers and 133-foot 8-inch span so that the new plan may be ready by the 10th of September.

‘It is not, of course, for me to decide about the size of the span, but I would strongly recommend the adoption of 6 spans instead of 8. There is, of course, a large saving in the amount of concrete, and as the contractor will save the moulds and face work of two piers, he should readily accept the change.

‘I wish you would come to an early decision about the different points I have asked as the drawings are getting into such shape that it is necessary for me to know final decisions.

Yours truly,

*By Mr. Northrup:*

Q. But since that date have you been in consultation with the department concerning the St. Andrew's rapids dam?—A. Not since—of course I was in consultation, I might say, all the time, with Mr. St. Laurent about different points.

Q. That is what I want to get at. Let us go back to the point. You had some consultations up to 31st August, 1906, evidently?—A. Yes.

Q. When next, after that, did you have a consultation with the department about the St. Andrew's rapids dam?—A. I had consultations right up to the time when I gave my last plan.

Q. That is up to April, 1907?—A. April, 1907.

Q. With whom have you been consulting?—A. With Mr. St. Laurent.

Q. How often would you consult with him?—A. Practically the whole time either by letter or personally.

Q. Hardly all the time, because you were doing some other work also?—A. That does not mean the whole time.

Q. I am trying to find out what time you were consulting?—A. Well, you could find it by the correspondence in the department.

Q. The department has not brought down any correspondence at all, so that when you say I can see by the correspondence, I have not the correspondence before me?—A. A good deal of it would be by correspondence and a good deal would be when I came to Ottawa, or when Mr. St. Laurent came to Montreal we would consult.

Q. How often do you say you came to Ottawa?—A. I came very often.

Q. How often do you say you came here?—A. At least every two weeks.

Q. At least every two weeks you came up to consult?—A. Not exactly to consult on this, but when I came up for other matters.

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Q. I am not discussing other matters, I am asking you how often you came up here to consult about the St. Andrew's rapids dam?—A. I could not say.

Q. You could not say?—A. Every time I came up I consulted.

Q. Every time you came up you would talk about it?—A. There was some talk about it, there were changes made or information I needed.

Q. How often did you come to consult on the St. Andrew's rapids dam?

Mr. GERVAIS.—He says every two weeks.

A. I do not think I came especially for that purpose every time I came to Ottawa.

*By Mr. Northrup:*

Q. The only time you can remember you came specially for the purpose would be on those occasions when you charged for it and were paid for it?—A. Oh, no; I came after that.

Q. You have just said you do not remember coming specially for the purpose at any time?—A. I mean since October, 1906, when everything was completed. Before that I came several times, that is until the plans were completely finished for the masonry.

Q. In June and July you came several times to Ottawa and charged \$30 per day?—A. Yes, because I was called here.

Q. Will you tell me why you ceased to charge \$30 a day in July?—A. Because the information I wanted after that was for the part of the work for which I was paid.

Q. How would you distinguish between that work for which you were paid \$30 a day in July and what you did in August?—A. Because the plans were finished for the masonry then, so I had no consultation any more about that, and what I wanted to consult about was in connection with the steel work in its relation to the masonry.

Q. These various trips you had after July were about the connection between the superstructure and the masonry?—A. Yes, or about the motive power to be used in the machinery.

Q. Considering that there had not been any contract let for the superstructure, you did not come very often to consult about that?—A. I beg pardon.

Q. Considering that there had not been any contract made for the superstructure—

The CHAIRMAN.—No, but he was finishing his plans.

A. I was finishing my plans.

*By Mr. Northrup:*

Q. Were you the one who was responsible for the plans?—A. I did the whole thing on the plans.

Q. Do you mean to say you claim the credit for coming to Ottawa to consult with the engineers here about the plans that you were being paid \$15,000 for drawing?—A. I do not claim anything at all.

Q. I understood you to claim that you came up to Ottawa frequently to consult about the plans you were drawing?—A. Certainly. For instance, at Winnipeg we had to employ some kind of power, and I did not know what kind of power was available or was used there, so I came to ask Mr. St. Laurent where he could get his power from, and he asked Mr. Dufresne to find out what kind of power could be got at Winnipeg.

Q. That is your example of the consultations you had with Mr. St. Laurent, that you came up to find out where they got their power from?—A. Yes, and there were other questions of various kinds which came up.

*By Mr. Pardee:*

Q. What is your profession?—A. Civil engineer.

Q. And construction engineer?—A. I don't know what a construction engineer is.

Q. You supervise construction and that sort of thing?—A. Yes sir.

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Q. And you make a speciality of bridges ?—A. A speciality of steel work.

Q. You have been employed by railway companies in that work ?—A. Yes sir.

Q. What company ?—A. I was for 16 years with the Canadian Pacific Railway.

*By Mr. Gervais :*

Q. You were appointed chief engineer for the Canadian Pacific Railway Company ?—A. I was with that company for 16 years. Out of the 16 years I was for perhaps 12 years responsible assistant to the chief engineer and for nine months acting chief engineer and I am doing work for them yet.

Q. Can you tell the committee how many bridges you built for the Canadian Pacific Railway ?—A. I don't know, an immense quantity.

Q. As a matter of fact you built for the Canadian Pacific Railway all the bridges that have been constructed between Montreal and British Columbia ?—A. Between St. John and British Columbia, except the St. Lawrence bridge which was built before my time.

Q. At Lachine ?—A. Yes.

Q. How many bridges have you supervised the construction of, about 3,000 ?—A. I could not tell you. I remember we had about 10,000 bridges including wooden and steel bridges. They were being replaced all the time and I don't know how many I replaced.

*By Mr. Pardee :*

Q. What is the nature of this work at St. Andrew's rapids ?—A. I explained it before. The thing is to raise the level of the water of the Red river so that navigation may be kept going during the whole summer.

Q. Is there a large amount of navigation there ?—A. I don't know.

Q. What is the cost of it ?—A. The cost of what ?

Q. Of the work ?—A. Well I could not tell you. Mr. St. Laurent will be able to tell you that better because a contract was given for the masonry; and the work I designed myself. I should imagine that it would cost about \$300,000. I expected it would cost more but material has come down in price since.

Q. It is a large and important work is it ?—A. It is a very important work.

Q. Were you paid for this contract in the same manner that you have been paid in each and all of your other contracts ?—A. In the same way.

Q. Just in the same way ?—A. Yes.

Q. In the payments under consideration there is nothing out of the ordinary at all ?—A. No.

Q. The moneys received by you are the moneys that have been earned by you and are payable according to the practice of your office and profession ?—A. Yes, sir.

*By Mr. Gervais :*

Q. If you had done the same amount of work for any private individual would you have charged the same rates ?—A. The same rates.

Q. That you charged to the government ?—A. Yes, sir.

Q. You have been employed by the city of Montreal too ?—A. Yes. Not much by the city of Montreal but I have been employed some by them.

Q. You have been retained by large companies in Montreal ?—A. Yes.

Q. And in each case you have charged these companies or corporations the very same rates which you charged the government ?—A. Exactly.

*By Mr. Northrup :*

Q. In working for companies or firms has it been your practice to supervise construction ?—A. My practice has been to supervise the construction in the shop; I don't supervise construction in the field.

Q. You don't go into the field at all but just supervise construction in the shop ?—A. Yes, sir.

Q. But you do supervise construction in the shop ?—A. Yes, sir.



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Q. And this is part of the work for which you are paid?—A. No, not in this case.

Q. In other cases?—A. Yes, sir.

Q. Now tell me have you any other client with whom you do business that pays you in advance, when the plans are made, before there is any supervision or any work done at all?—A. Some of my clients don't pay me at all. It is just for that very reason that I claimed payment in advance for the immigrant shed at Quebec.

Q. Have you any other client that pays you in advance for your plans before he has commenced to build at all?—A. Certainly, sir. Whenever I think that a client is rather doubtful I want payment in advance.

Q. On that principle you made the present government pay in advance?—A. Exactly.

Q. Was it the honesty or the permanency of the government that you distrusted?—A. No, sir, it was neither.

*By Mr. Gervais :*

Q. Would you explain to the committee whether you had any difficulty previously with the government about payments made by them?—A. I was given by the Department of Public Works the contract for large plans for the harbour of Montreal which caused a large amount of work and for which I never received a cent.

Q. And then you got a petition of right issued by the Department of Justice?—A. I did, sir.

Q. And what was the plea?—A. That I did the work and wanted payment.

Q. You had done the work at the special request of the Minister of Public Works, but it was argued that it had not been authorized by the parliament of Canada, and the petition was dismissed with costs against you?—A. That is it, sir.

Q. And that was a lesson which had been taught you?—A. Yes, sir.

Q. For this reason you objected to doing any work for this government without being paid in advance?—A. Exactly.

Q. As a matter of fact, is it not true that you had filed with the Department of Public Works plans and specifications on which you had earned over \$25,000?—A. I had.

Q. And the department is still owing you \$25,000 which they do not want to pay you?—A. They have not paid me, because I lost the case before the courts.

Q. You had been working for the government for a long time, but you were not paid?—A. No.

Q. When they desired to give you any other work, you wanted to be paid in advance?—A. Yes.

Q. As a matter of fact, you are a consulting engineer now in Montreal?—A. Yes, sir.

Q. You have been employed by the largest banking institution in Paris?—A. Yes.

Q. You have been employed by La Banque de Paris and des Pays Bas?—A. Yes.

Q. You would not do any work for less than 3 per cent or 5 per cent?—A. No.

*By Mr. Northrup :*

Q. Did you make that big company pay in advance?—A. The Banque de Paris?

Q. Yes?—A. Yes, I made them pay 5 per cent in advance.

Q. You were in the employ of the Canadian Pacific Railway, you told us, for a long time?—A. Yes.

Q. Did you devote your whole time exclusively to Canadian Pacific Railway work?—A. No, I did lots of outside work.

Q. When you were doing this work for the government you were engaged in outside work, too?—A. Certainly.

Q. So this government work did not interfere at all with that?—A. No.

Q. Have you any objection to stating what your salary was from the Canadian Pacific Railway?—A. That is my good business.

Q. You have an objection to stating that?—A. Yes, sir.

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*By Mr. Maclean (Lunenburg):*

Q. You commenced doing work for the Dominion government in 1889?—A. Yes, in 1889.

Q. What was the first work you did for them, bridge work?—A. It was bridge work; yes, sir.

Q. How were you paid for that?—A. I was paid 3 per cent of the cost, that is, at the time my remuneration was fixed.

Q. Who was the minister in the government who entrusted you with the work in 1889?—A. I don't know. The chief engineer was Mr. Perley.

*By Mr. Northrup:*

Q. Mr. Ouimet was probably the minister in 1889?—A. I don't think so.

*By Mr. Maclean (Lunenburg):*

Q. So from 1889 to 1896 you did work for the government of Canada?—A. Yes, sir, I did lots of work.

Q. Your charges were the same then as they are now?—A. Three and five per cent.

*By Mr. Pardee:*

Q. Were you just as much afraid of those fellows; did they pay in advance?—A. Sometimes. Of course, when I began I had always a little something paid in advance so as to pay my draughtsmen, because I was not a capitalist.

*By Mr. Reid (Grenville):*

Q. Did they always pay you for any work you did?—A. Yes, I was always paid.

*By Mr. Maclean (Lunenburg):*

Q. Your charge of \$30 a day was as consulting engineer respecting the masonry work?—A. Yes, sir, for which I was not paid otherwise.

Q. For which you were not paid otherwise?—A. Yes.

Q. You were to be paid 5 per cent of the cost of the superstructure?—A. Of the superstructure.

Q. You were to draw the plan of the superstructure and to superintend the shop construction?—A. No, sir, not to superintend the shop construction; just to draw the plans.

Q. Just to draw the plans?—A. Draw the plans and act as consulting engineer for the masonry.

Q. When the plans were drawn and accepted the money was due?—A. The money was due me, but we did not know what the amount was.

Q. Then this was merely an advance?—A. An advance, yes.

*By the Chairman:*

Q. The plans drawn by you are the plans on which the work will be constructed?—A. The specifications are being printed now, and the department will ask for tenders.

*By Mr. Maclean (Lunenburg):*

Q. Did you gain any wisdom by this journey to Europe?—A. Yes.

Q. You saw works of a similar character?—A. There are only two similar dams in existence.

Q. Of this character?—A. Of this character, and both were designed by two different men. One was designed by Mr. Eiffel.

Q. I suppose you would say it was good business on the part of the department to send you over to Europe to inspect those dams?—A. I think it would have been nearly impossible to have designed this dam otherwise.

*By Mr. Gervais:*

Q. One of the dams in France was designed by Mr. Eiffel who built the Eiffel tower?—A. Yes, sir.

*By Mr. Northrup:*

Q. That is the keynote of the whole thing. Would you not have been able to draw these plans if you had not gone to the old country to inspect the dams there?—A. I did not say I would not have been able, but I don't think I would have made as good a job as I did.

Q. Then I suppose the architect or the engineers of the department, if they had had the opportunity of going to the old country could have drawn plans, couldn't they?—A. I am not aware that they have any men in the department that can draw plans for steel work, because they always put it out.

Q. You say that there is no one in the department who could have drawn the plans?—A. I do not think they have men in the department who could.

*By the Chairman:*

Q. Bridge engineering is a special class of work, anyhow, is it not?—A. Yes.

Witness discharged.

Mr. A. ST. LAURENT, Assistant Chief Engineer, Public Works Department, called, sworn and examined.

*By Mr. Pardee:*

Q. What is your position?—A. Assistant chief engineer, Public Works Department.

Q. Had you to do with the question of the St. Andrew's rapids dam?—A. Yes. I was in charge of the arrangements to be made in connection with the work.

Q. Did you make the arrangement with Mr. Vautelet as he set out here this morning?—A. Yes sir.

Q. Is it the custom of the department to make such arrangements as he has told the committee of, this morning?—A. It is the custom for all special work, special steel works which require expert knowledge.

Q. And this work requires that expert knowledge?—A. This was a very special work requiring the best experts we could find.

Q. Is it an important work?—A. It is a very important work.

Q. For what purpose is it constructed?—A. It is to practically make Winnipeg the head of navigation for Lake Winnipeg.

Q. To make Winnipeg the head of navigation for Lake Winnipeg?—A. Yes, navigation was interrupted between the lake and the city by a chain of rapids.

Q. And the dam was constructed for the purpose of overcoming the low water?—A. For the purpose of raising the water and drowning out those rapids.

Q. And the cost of that work was about what, approximately?—A. The cost was variously estimated at from \$700,000 to about \$900,000, I mean for everything.

Q. That is for masonry?—A. For masonry and steel work.

Q. Is the navigation large at that point?—A. The navigation of Lake Winnipeg is of some importance. I think there are now from 20 to 30 steamers on the lake.

Q. And will the effect of building this dam be to make navigation larger?—A. It would make navigation possible as far as Winnipeg. On Lake Winnipeg the draught of the boats is limited to 8 feet on account of the sand-bars which form at the mouth of the Red river every spring.

Q. And this work, as I understand you, overcomes this difficulty?—A. This work is to make the navigation 8 feet to Winnipeg.

Q. Then you have heard Mr. Vautelet give his evidence as regards the payments, and what he said regarding them is that correct?—A. That is all correct, before Mr.



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Vautelet was given any payments I made sure that I had enough plans in my hands, which would show that the value of the work done by him covered the amount paid him in every case. I followed very closely the manufacture of the plans, as I might call it, and as soon as a certain portion of the plans were ready if he asked for an advance I would consider what work I had in hand from him.

Q. You just paid him for what you had? You would just go over what you had and value the work that he had done? That is what I understand, that before you made a payment you would consider what work Mr. Vautelet had done?—A. Yes.

Q. And you told us before these are the plans upon which the work is to be constructed?—A. Yes.

Q. You heard what he said regarding the expedition he made to Europe. The department thought it was a work of such importance that they thought that was necessary?—A. Yes. I recommended myself that the department send somebody to the old country to study the system of movable dams.

Q. And do you know yourself, as a practical engineer, that there are only two of these dams in existence?—A. Yes, that is as far as I have read, of course.

Q. And it was these that Mr. Vautelet was sent to inspect?—A. Yes, Mr. Vautelet was sent to inspect these works, because in studying what was required for the Red river I thought these might be of the type best adapted to the conditions there.

Q. And were the plans and specifications of those dams followed out in the specifications that have been given for the St. Andrew's rapids dam?—A. They were generally followed out, with the changes necessary to meet the local conditions there.

Q. But practically having regard to the conditions, the principle upon which this is to be constructed, is the same as Mr. Vautelet brought back from his inspection of those other works?—A. It is of the same character.

Q. It is of the same character, and along the same lines, so that in your opinion the sending of him to Europe was absolutely justifiable?—A. It was justifiable, because in this as in other hydraulic works, we have to base our work on the experience acquired on similar lines in other countries. On all large works, take the Panama canal and the new Erie canal, they always send experts to the old country to learn all they can with regard to similar works there, so that in sending to Europe for information in connection with movable dams, or special bridges, we were following the general practice in connection with important works like this.

Q. You followed the general practice in this case. Now then, as to the payments to Mr. Vautelet you followed out the practice that has always been followed out, or didn't you?—A. We followed out the practice that has been generally followed by this government, but which should be more followed than it is. We followed also the practice which is followed by all other governments, like the United States, of sending experts to other countries to see what has been done and to get the benefit of the experience made in the same work by other countries.

Q. Now, just one question, do I understand that the plans which have been finally accepted by the department, and drawn up by Mr. Vautelet on the information that he obtained in Europe, have been finally accepted by the department, as the plans upon which this work is to be constructed?—A. They are.

*Mr. Maclean (Lunenburg):*

Q. Have you asked for tenders for the work?—A. The contract for the masonry part of the work has been given.

Q. But for the superstructure?—A. For the superstructure the specifications are just now in the hands of the King's Printer, and the department will decide in a few days, or a few weeks, when tenders shall be called.

*By Mr. Gervais:*

Q. As a matter of fact, you say the department never paid one farthing to Mr. Vautelet for work which had not been done by him?—A. No, sir.

Q. Then you did not advance half a cent to Mr. Vautelet?—A. Not until I was sure that the work had been performed.

Q. Then there was no payment in advance made to Mr. Vautelet by the department?—A. Not in connection with St. Andrew's rapids. The work was performed before the money was advanced.

*By Mr. Northrup:*

Q. You are the gentleman who made the contract with Mr. Vautelet, are you?—A. Whether I wrote the letter to him or not I could not remember. I made all the arrangements, but whether the letter was signed by the chief engineer or not I do not remember.

Q. Who is responsible for the financial terms of the contract, the 5 per cent and the trip to the old country?—A. The recommendation?

Q. Who is responsible for that part?—A. I first recommended that an expert be sent to the old country.

Q. Yes?—A. As to the advance the chief engineer probably made the recommendation.

Q. I am asking about the 5 per cent and the trip to the old country, who is responsible for those two items?—A. The chief engineer, sir.

Q. Did you recommend the 5 per cent?—A. I recommended the 5 per cent verbally at least.

Q. Did you recommend the trip to the old country?—A. Yes, sir.

Q. And did you recommend it because other governments were doing the same thing?—A. That is the general practice in connection with some special works.

Q. Take the United States and tell me the name of any outsider not in the employ of the United States government who has ever been sent to the old country at their expense?—A. I could not.

Mr. MACLEAN (Lunenburg).—They have sent hundreds, there is no doubt in the world about that.

The WITNESS.—I think Mr. Ripley was sent not very long ago in connection with the Panama canal.

Q. Who is Mr. Ripley?—A. Mr. Ripley was the superintendent of the Soo locks, and then he was engaged to draw the plans of the Panama canal.

Q. To draw the plans for the United States government?—A. For the United States government.

Q. Then he went into the employment of the United States?—A. Of course, that would be understood.

Q. That is the point of the whole thing. Then the United States government sent a man who was in their employ to the old country. Now, I ask you to tell me the name of any person not in the employ of that government who was sent to the old country at their expense?—A. I could not give you the name of one who is not an employee.

Mr. MACLEAN (Lunenburg).—Why would a man go if he was not in the government's employ?

The WITNESS.—I could not mention a name, but I know it is a general practice.

Q. You could not name anybody who was not in the service of the government?—A. I know that since the Erie canal construction was started they have sent men abroad.

Q. Quite possibly, but I want to know if they were employed by the government?

*By Mr. Gervais:*

Q. What about Mr. Munroe, who drew the plans for the Soulanges canal? How many years did he spend abroad?—A. Mr. Munroe went to visit the Manchester ship canal.

*By Mr. Northrup:*

Q. Mr. Munroe was an employee of the government all that time, was he not?—A. As far as I know, he was.

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Q. Mr. Munroe was in the service of the department, was he not?—A. Yes, sir.

Q. And paid a salary by the department?—A. Yes.

Q. He was not paid for the plans he drew?—A. As far as I know, he was in the employ of the department.

Q. And was not paid for the plans which he drew?—A. He was paid a regular salary.

Q. Certainly. Now, come back to the other question. Can you tell me of anybody that has ever been sent from England, or any other civilized country, abroad to look up works of this kind unless such person was a government employee?—A. I could not say that, sir. I know we often have visitors from the old country inquiring into our works.

Q. The agreement was made that Mr. Vautelet was to be paid 5 per cent?—A. Yes, sir.

Q. On the cost of the superstructure of the work? Now, what service was he to render for which he was to be paid 5 per cent?—A. First for his brain work, then for his designs, and then for the manual work done by his draughtsmen.

Q. Did the supervision of the superstructure as it was being constructed enter into the case at all?—A. When it was building?

Q. Yes?—A. No, he was not to include that.

Q. He was to have no responsibility about supervising that?—A. No, sir.

Q. All he had to do was to draw the plans?—A. To draw the plans.

Q. So you agreed to pay him 5 per cent on the total cost of the superstructure and give him a trip to the old country, and all he had to do was to draw the plans?—A. He was paid for his brain work and drawing the plans and paying his draughtsmen.

Q. But it did not require brain work to pay the draughtsmen?—A. I do not mean that.

Q. Let us be perfectly clear. You were paying Mr. Vautelet 5 per cent for merely drawing the plans?—A. Yes, and to act as consulting engineer for the masonry part of it. He may be called at any time yet in consultation in connection with the masonry part, which is under construction now.

*By Mr. Gervais:*

Q. Was the government benefited by employing Mr. Vautelet?—A. Certainly, and it was because we had no staff of experts in the department.

Q. Did Mr. Vautelet alter the original plans which had been designed?—A. Yes.

Q. In what way, will you explain to the committee in what way?—A. Because the original plans that were made were for the masonry only.

Q. Yes, and they provided for eight spans?—A. For eight spans.

Q. What was the opinion of Mr. Vautelet?—A. In discussion he thought that the spans could be enlarged so as to give more chance for the ice to float down over the dam in the spring. The 'break-up' is very severe up there.

Q. And the number of spans was reduced from eight to six?—A. Reduced to six.

Q. That means that the government is saving by having a less number of spans?—A. We save in concrete, certainly.

Q. Is not the saving \$15,000 per span?—A. From twenty to thirty thousand dollars, I suppose.

Q. By employing the brains of Mr. Vautelet this government has saved \$30,000 clear at an expenditure of \$600?—A. Saved probably that money and with a design of great merit.

*By Mr. Northrup:*

Q. Who drew the original plans providing for eight spans?—A. I did, sir.

Q. Did you draw all the plans for the masonry work?—A. For the masonry, yes.

Q. How much was the masonry work to cost?—A. The masonry will cost—



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Q. How much is it supposed to cost, that is the idea?—A. Between five and six hundred thousand dollars.

Q. And the superstructure is to cost about \$300,000?—A. About \$300,000, but, of course, I am not sure because it is such a——

Q. It is quite possible the superstructure may cost half a million, is it not?—A. I don't think so.

Q. Do you find that your estimates are very much exceeded by the amount of the tenders?—A. No, sir.

Q. Do you find that your estimates are above the tenders?—A. Yes, generally, in my experience, I think.

Q. Do you find that as a rule your estimate of the cost is more than the contractor's tender?—A. Yes. In this case there has been a contract given and the estimate is a little higher than the tender.

Q. That is for the masonry work?—A. For the masonry work, yes.

Q. For the superstructure it is quite possible that the contract price may be more than you estimate?—A. It may be a little more but not over fifty thousand.

Q. This masonry work that you are to build is a great deal of it under water, isn't it?—A. Yes.

Q. It is difficult, is it not?—A. It is difficult work.

Q. I should imagine it is very difficult?—A. Well, the dam is to be built across the Red river, and at the deepest portion of the river there is about 8 feet of water during the low period, which does not last very long.

Q. And a pretty full current?—A. Yes, there is a swift current there.

Q. So there is a great deal of difficulty in constructing the masonry work there?—A. They are liable to encounter a great deal of difficulty on account of the water coming into their coffer dams.

*By Mr. Maclean (Lunenburg):*

Q. Masonry isn't any new class of work, they know what obstacles they are going to meet.

Mr. NORTHROP.—I cannot see why any ordinary engineer could not draw the plans.

*By Mr. Northrup:*

Q. Supposing you had gone to the old country and had seen those dams and had gone to the Soo and seen a similar dam there, could you not have drawn plans?—A. I am not a steel expert.

Q. I am asking you could you not, if you had seen what Mr. Vautelet has seen, have drawn the plans for this work?—A. I could have drawn some plans, certainly, but they would not have one-half the merit of plans drawn by an expert.

*By Mr. Pardee:*

Q. Is this man, Mr. Vautelet, recognized as an expert in this class of work?—A. He is recognized as an expert.

*By Mr. Gervais:*

Q. He is a man of some repute?—A. He is regarded as one of the best experts in steel work.

Q. Are you not a member of the Society of Congresses of Navigation?—A. Yes, I am the only member in Canada.

*By Mr. Pardee:*

Q. All Mr. Vautelet got for that trip to the old country was \$600?—A. As far as I know.

Q. He was not paid anything but that?—A. That is the advance that was made to him.

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*By Mr. Maclean (Lunenburg):*

Q. He was away about six weeks, wasn't he?—A. It would be at least six weeks.

Q. Six hundred dollars would probably about cover his expenses, wouldn't it?—A. I have had no experience in that.

Q. That is hardly a fair question to ask you, anyway.

*By Mr. Northrup:*

Q. Who drew the first plans for the masonry work?—A. I drew the first plans for the masonry work and my recommendation that an expert be sent to the old country was made in order to see if the plans could not be improved; in almost every case plans for dams and special works can be improved of course, and that was the case with regard to this work.

Q. Haven't you a number of engineers and architects in your department?—A. In the department there are at headquarters two or three engineers, who have their own work to attend to in their own districts.

Q. Isn't there somebody there who would sit in judgment on Vautelet's plans?—A. If there is somebody there——

Q. Nobody to sit in judgment on his plans?—A. I beg pardon?

Q. Is there nobody in the department to sit in judgment on these plans?—A. To sit in judgment?

Q. Yes, when he sent in his plans, the department would have to accept them, no matter what they were, is that what I understand?—A. Oh, well, I approved of the plans myself. I have followed the plans very closely.

Q. That is not the point. Can't you understand me? Mr. Vautelet was employed to send in certain plans, he has sent them in; was there anybody in the department capable of scrutinizing those plans to see whether they were good ones or not?—A. There was, because I did myself.

Q. And you consider yourself competent to inspect his plans?—A. Yes sir.

Q. Then why wouldn't you be competent to draw the plans yourself if you could see the same works as he saw?—A. Well, all my time is taken up with other work.

Q. That is the reason you could not do it?—A. All I could do was to supervise the contract and consult with him.

Witness discharged.

Mr. ST. LAURENT recalled and examined.

*By Mr. Gervais:*

Q. I would like to put one question more to Mr. St. Laurent before he goes. Would you tell the committee how much Mr. Vautelet spent for getting ready the plans and specifications for which he received \$10,000 from this government?—A. I can only give an estimate. In my opinion I think it must have cost between four and five thousand dollars for draughtsmen. I know for a fact that he paid the draughtsmen a dollar an hour.

Q. For making the plans?—A. For making only the tracings.

*By Mr. Reid (Grenville):*

Q. Then these draughtsmen did all the work I suppose?—A. They did the work of tracing.

Q. Mr. Vautelet just superintended the making of the tracings?—A. No, he made all the designs on paper in pencil and then they were given to the tracers and the plans were traced. As the plans developed changes were necessary and they had to be re-drawn.

Q. Then according to your statement Mr. Vautelet would be out about \$4,000?

Mr. PARDEE.—Between four and five thousand dollars?—A. Between four and five thousand dollars is what I estimate.

Q. And he was to receive \$15,000 ?—A. I don't think he received that much.

Q. I understood you to say, or to concur in Mr. Vautelet's statement that the cost of the super-structure of the St. Andrew's rapids dam would be at least \$300,000 ?

—A. It will be near \$300,000.

Q. Then he is to get 5 per cent of that sum, or \$15,000 ?—A. Yes.

Q. Then he will have at least \$10,000 for his own work on St. Andrew's rapids dam ?—A. That appears to be so.

Q. You gave an estimate of what you thought would be the cost to Mr. Vautelet but you don't know anything about it ?—A. I am a judge of cost according to my experience.

Q. You are giving merely an estimate ?—A. Yes.

Q. You were not present in his office where the draughtsmen were working ?—

A. I was present in his office when he had the draughtsmen there and gave instructions, and when they were bringing in tracings and changes were ordered; I was present many times.

Q. Do you pretend to know how much time the draughtsmen spent on this work ?—A. No.

Q. You don't even know how many draughtsmen were engaged ?—A. No.

Q. So that you are merely giving an estimate of your own ?—A. Yes.

*By Mr. Pardee:*

Q. From your knowledge as engineer, of that class of work ?—A. From my experience.

*By Mr. Johnston:*

Q. You have already said that this was not a new arrangement but one that had existed with this gentleman for many years ?—A. Just the same arrangement.

*By Mr. Pardee:*

Q. How long have you been in the department ?—A. I have been in the department since 1888.

Q. And that arrangement has been going on from that time down ?—A. My first recollection of any work given to Mr. Vautelet is in 1892.

The witness discharged.

The committee adjourned.



# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

\$4,000 TO H. N. COCKBURN RE PURCHASE PRICE OF  
TUG 'CATHERINE C.'

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

- \$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.
  - \$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.
  - \$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.
  - \$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.
  - \$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.
  - \$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.
  - \$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.
  - \$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.
  - Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.
  - \$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.
  - \$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.
  - \$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.
  - \$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.
  - \$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.
  - \$6,960.92 to St. John Sun, printing, B—6, Rep. A.G., 1906.
  - \$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.
  - \$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.
- and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

WEDNESDAY, April 22, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding.

The committee proceeded to the consideration of a payment of \$4,000 to H. N. Cockburn, purchase price of tug *Catharine C.*, as set out at page V—205 of the Report of the Auditor General for the fiscal year ended March 31, 1907.

Mr. E. B. Godwin, Assistant General Superintendent of Dredging, called, sworn and examined:

*By Mr. Northrup:*

Q. You are engaged in the Department of Public Works, are you not?—A. Yes, sir.

Q. What is your position?—A. Assistant superintendent of dredging, particularly for Ontario and Quebec.

Q. You were aware of the tug *Catharine C.* being purchased by your department?—A. Yes, sir.

Q. The tug belonged to Mr. Cockburn, I believe, didn't it?—A. Yes, sir.

Q. It will make a long story short, perhaps, if I ask you—I think you recommended the department to purchase this tug for about \$4,000?—A. Yes, sir.

Q. Why did you recommend that she should be purchased for \$4,000, do you remember?—A. Because we needed the tug, sir.

Q. You were paying rent for the tug, were you not?—A. Yes, sir.

Q. Didn't you make a statement showing what the cost was under the rental and what it would be if you bought the tug?—A. Yes, sir.

Q. Kindly look at this and see if this is your statement?—A. Yes, sir.

Q. You showed they could buy the tug for \$4,000?—Yes, sir.

Q. And that the tug was then costing, rented monthly, \$636?—A. Yes, sir.

Q. That, if rented, it would cost the government \$636 per month?—A. Yes, sir.

And that if they bought the tug it would only cost \$372 per month; that is your signature (handing document to witness)?—A. Yes, that is my statement right enough; yes, that would be the running expenses.

Q. So you summed it up in your statement that the cost of the tug rented for the season would be \$4,452, is that correct?—A. Yes.

Q. And that the cost of the tug, if owned by the department, for the season would be \$2,604?—A. Yes, sir.

Q. And you recommended the department to buy the tug?—A. Yes, sir.

Q. And the department accepted your recommendation to buy it?—A. Yes, sir.

Q. Do you happen to remember the date you made that recommendation?—A. I think it is all here on the document, sir.

Q. On January 24, 1906, you wrote to Mr. Laffeur, Chief Engineer, Department of Public Works, Ottawa:—

'SIR—I have the honour to enclose herewith a letter received from H. N. Cockburn, of Sturgeon Falls, the owner of the tug *Catharine C.*, which we have rented as tender to the dredge *Muttawa* since the completion of the vessel.

'As this tug is in first-class condition, and suitable in every way for our service, I would recommend its purchase, as the price is very reasonable; and, should we con-

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time to rent as we have been doing, we would pay the amount asked for the vessel in two seasons.

I therefore trust you will see your way clear to recommend the purchase of the boat, as we could not build one ourselves of the same size for double the money asked.

'I have the honour to be, sir,

'Your obedient servant,

'E. B. GODWIN,

'Asst. Gen. Supt. of Dredging.'

So on January 24, 1906, you wrote to the department recommending the purchase of the tug?—A. Yes, sir.

Q. Do you know whether the tug was purchased, as a matter of fact?—A. I know when it was paid for, because I got a letter from the chief engineer to that effect.

Q. When was the tug paid for?—A. On the 6th of September, 1906, I believe; I would not be quite sure, but I think it was then—some time in September.

Q. Was rent paid for the vessel in the meantime?—A. Yes, sir.

Q. I have the statement here somewhere, if I could find it?—A. I think I could find it for you, sir.

Q. Just look at the papers and tell us what rent was paid during that season for the tug?—A. I do not think this will show the amount of the rent, sir.

Q. There is one statement there that will?—A. The Auditor General's Report would give it—it is \$1,400 and something. I think it was fourteen hundred and something.

*By Mr. Pardee:*

Q. What is the length of this boat?—A. 47 feet. She is 12 feet 6 inches beam, 5 feet draught and engines high pressure 9 by 9.

*By Mr. Northrup:*

Q. Is there, Mr. Godwin, any account for Mr. Cockburn showing what he charged for rent of the boat?—A. There is a statement here that I submitted to the chief engineer.

Q. Yes?—A. Mr. Cockburn sent in accounts up to the 6th September, the time he received payment. According to my books we paid him up to the 31st August.

Q. You paid him up to the 31st August?—A. Yes: we paid him nothing for September.

Q. That would be exactly the account he sent in less the 6 days?—A. Yes, sir.

Q. At how much a day?—A. \$12.

Q. That would be less \$72?—A. Yes.

Q. So the government paid Mr. Cockburn \$1,512 rent that season less \$72?—A. Yes, sir. That is \$1,440.

Q. Would you look at this extract of the report of the committee of the Privy Council recommending the purchase of the tug?—A. Yes, sir. (Refers to document.)

Q. What is the date of that?—A. 21st May.

Q. 1906?—A. 1906.

Q. So on 21st May, 1906, the committee of the Privy Council recommended purchasing the tug for \$4,000?—A. Yes, sir.

Q. Have you anything there to show when the tug was purchased?—A. Yes, sir: I have a letter from the chief engineer.

Q. Give us the date?—A. (After examining file.) No, it is not in this file.

*By Mr. Reid (Grenville):*

Q. Then all the papers have not been brought down?—A. This was a letter to me.

Q. But it would be an official letter?—A. It was an official letter to me stating that the accountant had informed the chief engineer—

Q. And that has not been brought down to the Public Accounts Committee?—A. I have it.



## APPENDIX No. 1

Q. Then the file that has been brought down to the committee does not contain all the official correspondence in connection with this purchase? Am I right or not?—A. Hold on just for a moment (after again examining the file), here is the letter, sir.

Q. What is the date of that?—A. November 2.

Q. What year?—A. 1906.

Q. What does the letter say?—A. I will read it (reads):—

‘SIR,—In reply to your letter of the 5th instant, regarding the purchase of the tug *Catharine C.*, I am informed by the accountant that the cheque in payment was sent to the Department of Justice on the 6th of September last, and that it was received by Mr. Cockburn on the same day.’

*By Mr. Northrup:*

Q. The fact is that the order in council authorizing the purchase of the boat was passed on the 21st May?—A. Yes, sir, according to the order in council

Q. And the boat was not paid for until——?—A. Until the 6th September, according to that.

Q. And the department paid rent for her at \$12 per day during the interval?—A. Yes, sir.

*By Mr. Pardee:*

Q. It was decided to purchase the boat on the 21st May, 1906?—A. Yes, sir.

Q. And she was not purchased until September?—A. Yes, sir.

Q. It was on your recommendation that was decided?—A. The purchase of her?

Q. Yes?—A. Yes, sir.

Q. Showing that by such purchase, taking the rental into consideration, the department would save about \$2,400 a year?—A. Yes, sir.

Q. Why was not the purchase carried out prior to that date, you don't know about that?—A. I don't know, sir.

Q. You don't know that?—A. No.

Q. Why is it, as far as you were concerned, the department continued to pay rent when you knew that your recommendation had been accepted?—A. I did not know that my recommendation had been accepted.

Q. You did not know?—A. No, sir; not at all.

Q. But since September, 1906, the department has owned the tug?—A. Yes, sir.

Q. And she has been doing the work which she was doing prior to that time?—A. Yes, sir.

Q. With a consequent saving as to the total that you figured out?—A. Yes, sir.

Q. That is right?—A. Yes, sir.

Q. And she is still at that work in the department's employ?—A. Yes, sir.

*By Mr. Northrup:*

Q. Although the order in council was only passed on the 25th of May, you had recommended the purchase of the tug in the previous January or February, hadn't you?—A. Yes, sir; that is the first time that I recommended it.

*By Mr. Pardee:*

Q. But if council did not reach it until May——

*By Mr. Johnston:*

Q. You do not know whether there was any money available for the purchase of this boat when the order in council was passed, do you?—A. No, sir: I do not know anything about that.

Witness retired.

Committee adjourned.



REPORT  
OF THE  
PUBLIC ACCOUNTS COMMITTEE

RESPECTING A PAYMENT OF

\$6,960.92 TO THE ST. JOHN 'SUN' FOR PRINTING  
AND LITHOGRAPHY

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY  
1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F. W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS.

## COMMITTEE ROOM No. 32,

OTTAWA, Wednesday, July 15, 1908.

The select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The Committee proceeded to the consideration of the payment of \$6,960.92 to the St. John 'Sun' in connection with printing and lithographing as set out at B-6, report of the Auditor General, for the fiscal year 1906-7.

Mr. RALPH E. WHITE, called, sworn and examined.

*By Mr. Northrup:*

Q. Are you connected with the St. John 'Sun'?—A. Yes, sir.

Q. In what capacity?—A. As accountant.

Q. I see a number of accounts put in by the St. John 'Sun' for printing done for the Intercolonial Railway, have you seen these accounts?—A. I do not know that I have.

Q. Altogether they total \$6,960.92?—A. For 1906-7?

Q. Yes?—A. Well, I did not join the St. John 'Sun' Printing Company until along in the latter part of February, 1907.

Q. These run up to the 31st of March, 1907. However, you did not join the 'Sun' staff until February, 1907?—A. About the middle, or along the latter part of that month.

Q. I see that these accounts are mainly for forms and books, you will notice here is an account (showing file to witness) for 500 books, here is another for 500 books, and here is one for 20,000 forms, and then 500 books again.

Mr. CROCKET.—Are there accounts for bookbinding as well as printing.

*By Mr. Northrup:*

Q. Then here is another voucher for printing 500 books with '100 leaves in each, as sample, buff colour, perforated, stitch back, cut flush, hard cover.' Has the St. John 'Sun' any job printing department?—A. Not at present.

Q. Had it at any time in the past?—A. Not since I have been connected with it.

Q. Is there anything printed by the St. John 'Sun' outside the paper itself?—A. No.

Q. Then, there having been no establishment in connection with the paper in which to print these forms and books do you know where they were printed as a matter of fact?—A. Not at that time, no.

Q. Then they have gone on doing work of this kind since you have been there, haven't they?—A. We have orders of this kind.

Q. Where was the printing done?—A. At present we get it done by Mr. Armstrong.

Q. Is Mr. Armstrong here in the room? He is not here is he?—A. I haven't seen him.

Q. Do you know if at any time the St. John 'Sun' had any job printing department?—A. Well, as a citizen of St. John, before I joined them I know they had.

Q. When?—A. Along in 1905, and perhaps in part of 1906.

Q. After that do you know, as a citizen of St. John, they had not any job printing department?—A. Since I have been in their office they have not.

Q. You spoke about their having a job printing office in 1905 and it is as a citizen of St. John you knew they had?—A. I believe they had.

Q. Why do you limit your time to 1905 and 1906?—A. I was about St. John then and knew they did job work.

Q. At that time you speak of was the same management in control of the St. John 'Sun' as there is to-day?—A. In 1905 the management was different.

Q. Can you tell us when the new management came in?—A. Not definitely, except from what I might get from the books.

Q. Speaking as a citizen of St. John when would you say the change took place?—A. Early in 1906.

Q. What is the management now, a joint stock company or a private ownership?—A. A joint stock company.

Q. Who is the president of the company?—A. Well, now, I would not be positive of that; I think it is the Hon. B. F. Pearson.

Q. Since this joint stock company took charge are you aware of there being any job printing department?—A. From what I saw in the books I think there was a job department early in their ownership.

Q. How long did that continue?—A. Well, along perhaps for three or four months.

Q. Where did you say that the printing, such as is charged for in these accounts, is done?—A. At the present time do you mean?

Q. Yes?—A. It is done by Mr. Armstrong.

Q. How long has that been the case?—A. It has been done since I have been with the company.

Q. That was the case when you first went with them and it has continued ever since?—A. Yes.

Q. Have you personally had any correspondence with the Intercolonial Railway under orders which would be given for books and printing?—A. Have I—

Mr. CARVILL.—Is my honourable friend asking now in reference to the accounts under discussion which only go up to the year ending 31st March, 1907, or with reference to work done since that date?

Mr. NORTHROP.—I have only the right to ask concerning accounts up to the 31st March, 1907, but I think under the circumstances, when we have asked for two witnesses from this newspaper so as to be sure to get at the facts, and they send us only one witness who has been there but a short time prior to the 31st March, 1907, I think we have the right to ask that question.

The CHAIRMAN.—The other witness you subpoenaed was not there earlier either.

Mr. NORTHROP.—I admit I have not the right to go into anything since 31st March, 1907.

*By Mr. Northrup :*

Q. Will you tell me again, Mr. White, when was it you went with this company?—A. February, 1907.

Q. At that time, when you went with them were they doing any printing for the Intercolonial Railway?—A. No.

Q. Were they having it done by Mr. Armstrong?—A. I would suppose so, it seemed to be the practice when I went there.

Q. It seemed to be the practice. What was your practice when you received an order from the Intercolonial and sent it on to Mr. Armstrong to fill?—A. I had nothing to do with that whatever.

Q. I mean from your knowledge of what occurred, you were the accountant, were you not?—A. Yes, but I did not keep these accounts.

## APPENDIX No. 1

Q. In your books, of the St. John 'Sun' Company, there was no account against the Intercolonial for printing?—A. There was one then.

Q. There was one account that would include everything that was done for the Intercolonial Railway, is that right?—A. I did not have the book of original entries, I just had the total.

Q. But as accountant you would have the ledger?—A. Just the totals for the month.

Q. You had a regular account at that time with the Intercolonial Railway for printing?—A. Yes.

Q. And did your paper do that printing or send it over to Mr. Armstrong to do it?—A. To Mr. Armstrong.

Q. Had you also an account with Armstrong in your books for this printing?—A. No, we would not have that.

Q. How did you keep track of those items that you had charged against the Intercolonial Railway that Armstrong did the printing for, how was his account kept?—A. His account was kept by the then manager.

Q. And it did not go through the books of the accountant?—A. No.

Q. His account was kept in another book by the general manager?—A. Yes.

Q. Would that be a private book the general manager had, that did not go with the books of the company?—A. It was not a part of that set, no.

*By Mr. Crocket :*

Q. Who was the general manager that you speak of?—A. When I first joined the 'Sun' Printing Company, John S. Leighton was general manager.

*By Mr. Northrup :*

Q. Then was it the habit of the company to keep a number of accounts with different people that did not go through the books in your hands?—A. No .

Q. Was this Armstrong account the only one of which you are aware, the entries for which were not in the books that went through your hands?—A. Yes.

*By Mr. Maclean (Lunenburg) :*

Q. Do I understand you to say that Mr. Armstrong's account was not kept in the ordinary ledger or ordinary book?—A. No, we did not have any account, only a private account—not pertaining to this though—with Armstrong.

Q. I do not quite understand you. In the account in your books in which Armstrong was debited with cash and credited with work, was a printing account?—A. Yes. Not as Armstrong's account, it was just kept as a printing account.

Q. But after all that really contained the accounts of Armstrong though it was under the head of printing account?—A. Yes, it would practically.

*By Mr. Northrup :*

Q. You opened an account with the Intercolonial Railway in which you charged up to them the prices for the printing that they ordered from you?—A. Yes.

Q. That printing was done by Armstrong you say?—A. Yes.

Q. Had you any account with Armstrong relating to these items in the books which passed through your hands?—A. Well I had an account relating to these items but it was not as Armstrong's account.

Q. It was not in Armstrong's name?—A. No, just a printing account which debited the Intercolonial for the printing for the month and credited the printing account.

Q. That would be simply between you and the Intercolonial I suppose?—A. Well as far as that would go, double entry, we had to make a credit when we made a debit for printing.

Q. That is between you and the Intercolonial Railway?—A. Yes.



Q. You sent this printing over to Armstrong to do, you say?—A. It was sent. I did not do it.

Q. The paper paid Armstrong I suppose for doing the printing?—A. Mr. Armstrong was paid from the proceeds.

Q. Was there not an account in the books as between the St. John 'Sun' and Armstrong as to what he was paid?—A. No.

Q. Nothing of that kind at all?—A. Not to my knowledge.

Q. No record is kept as to what is paid Armstrong?—A. When the cash was paid to Armstrong for the printing, the printing account would be debited.

Q. Then would it be the same items in the account between your company and the Intercolonial? Would the amount paid for printing be the same items as in the other printing account?—A. The amount paid would not necessarily correspond with the amount credited.

Q. Should it correspond?—A. No. The printing account would be credited month to month.

Q. The printing account, that is for the work that Armstrong did——?—A. Yes.

Q. Would be credited once a month?—A. Yes. Well there would be several things.

Q. I am not referring to payments, I am referring to the charges you made as between you and the Intercolonial and the items that are entered in the printing account. Would they do the same?—A. No.

Mr. MACLEAN (Lunenburg).—Ask the witness if he has got the books so that he can explain it to you.

*By Mr. Northrup:*

Q. Have you the books?—A. I have a book showing those two accounts.

Q. Let me see that book, please?—A. (Producing book.) This is the book that I found as kept by the manager. The order came in——

*By Mr. Reid (Grenville):*

Q. This is the book for the Intercolonial?—A. This is the Intercolonial.

Q. It is kept purposely for that?—A. It is kept purposely for orders of that kind.

*By Mr. Maclean (Lunenburg):*

Q. What is the practice, charging by number?—A. The form is charged up here (pointing to book), the quantity and the form number of the sheet, or whatever it is to be printed, and the order number of the requisition slip and so on.

*By Mr. Daniel:*

Q. How do you know the work is from the Intercolonial from this book?—A. It is not marked so.

*By Mr. Northrup:*

Q. Are all the items in this book, between the St. John 'Sun' and Armstrong, for Intercolonial printing?—A. I don't understand.

Q. Are all the items in this book, between the St. John 'Sun' and Armstrong, for Intercolonial printing done by Armstrong?—A. Excuse me just a minute and I will show you just how it is. We will take the first item.

Q. I have it here?—A. What have you got there?

Q. Five hundred letter heads?—A. (pointing out items in the book) That is the date you see. That is the way I interpret it, as I am now using it. Date received. There is the order number. Here is the date the goods were invoiced and I presume showed the correct amount charged. Here is the amount allowed by the King's Printer and the date on which we were paid.

Q. Take the month of July, 500 letter heads. Then next 500 circulars?—A. Those are corrected to correspond.

## APPENDIX No. 1

Q. Next page, 200 forms, No. 93?—Yes.

Q. The point is, all these items that are charged for in the month of July by the St. John 'Sun' to the Intercolonial, were actually printed by Armstrong for the newspaper according to that book?—A. No. It does not show according to this book how it was done.

Q. I thought I understood from you before that this book contained—A. This is the original—let me explain.

Q. The original of what?—A. The original memo. This is the original memo of the orders received and that completed the amount charged and what we were paid.

Q. And then?—A. Excuse me just a moment. Take September. There seems to be quite a quantity. This would be totalled and an entry put through the journal debiting the I. C. R. printing for the total amount. This would be all invoiced and credited to printing account.

Q. That is simple enough?—A. That is simple enough. There is no account of Armstrong's other than there is in this book.

Q. Was this printing done by Armstrong?—A. That I cannot tell you, I was not there.

Q. Taking the work done after you did go there, did it go on in the same way?—A. The same way.

Q. Was the printing done by Armstrong?—A. The printing was done by Armstrong since to my knowledge.

*By Mr. Daniel:*

Q. Was there any printing done by anybody else?—A. Not to my knowledge.

*By Mr. Northrup:*

Q. To make a long story short, is it not the fact that the order from the Intercolonial for printing received by the St. John 'Sun' was not filled by the 'Sun' at its own office but handed over to Armstrong and the printing done by him?—A. The printing was done by him.

Q. I suppose you paid Armstrong for that printing?—A. I did not pay him.

Q. Your books would show that he was paid, would they not?—A. I presume they would.

Q. Can you tell me whether the books would show that Armstrong was paid the same amounts that were allowed by the King's Printer?—A. I can show you the account, that is all.

Q. Can you give me an answer to that one question? Will your books show that Armstrong was paid the same amount by the St. John 'Sun' that the King's Printer allowed for that printing?—A. I hadn't any knowledge of the books at that time.

Q. I am asking you will your books show that?—A. I have not examined them.

*By Mr. Northrup:*

Q. Will you go over the account now?—A. (witness referred to ledger). There is one charge, that is the return for that month. Now, here is April 28, the government paid \$754.16 and I see on April 30—Mr. Armstrong was paid two amounts, I see in that month, \$306.95 and \$565.62.

Q. Is there anything to show what items were paid?—A. No, that would be done by the then manager.

Q. The point I want to make is this: do these items in the printing account on page 203 show the sums paid by the St. John 'Sun' to Armstrong?—A. Yes.

Q. And do these sums on page 202 show the sum received by the St. John 'Sun' from the government?—A. Yes.

Q. Now, then, see how these two sides would appear in the month of April, for example. What sum was received by the St. John 'Sun' from the government?—A. It would seem there were two amounts, on April 17 there is a credit and on April 26 there is a credit.

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Q. I want to get at it to see the difference between those two pages?—A. Well, you mean just for the one month?

Q. I am willing to take for one month or for two.—A. I notice here there is an item of \$754.16.

Q. Yes?—A. And about the same date there is a debit on that side.

Q. But taking the whole month, does not this book show that from February 28 to the end of April, we will say, that will be two months, that the amount received by the St. John 'Sun' was \$2,292.27?—A. No, that is February.

Q. I said from the 28th of February to the end of April?—A. That is not the money received at all, that is the gross totals of the charges made against the government.

*By Mr. Carvell:*

Q. Does that necessarily mean that is the sum received from the government?—A. Not at all.

Mr. NORTHRUP.—The government was charged that amount.

Mr. CARVELL.—The books show you did not get what they charged, the King's Printer cut them down.

A. Yes, I see an allowance there and there is still a balance due.

*By Mr. Northrup:*

Q. A balance of \$926.46, so that you received \$2,292.27, less \$926.46.—A. Also less \$20.95, do you see? They cut that out apparently, and the Intercolonial Railway was given credit for it.

Q. You received \$2,292.27, less \$20.95, and \$926.46 balance due?—A. \$926.46 apparently is still due.

Q. That \$20.95 being an allowance?—A. Yes.

Q. Now, then, going on to the next entry you carry \$926.46 over as the amount still due, do you not?—A. Yes.

Q. In July, is it not correct to say that there was \$3,297.95 charged against the government?—A. Including that balance.

*By Mr. Johnston:*

Q. Less \$926.46 which is already charged?—A. Yes, as I already say, that includes that charge.

*By Mr. Northrup:*

Q. Yes, and do you not in the July account charge \$3,297.95 less?—A. No.

Q. This will show, as I understand it, what was charged? The amount charged against the government on July 31 was \$3,297.95?—A. Yes.

Q. That was up to the 31st of July: how much have you received since the former payment?—A. There were two payments.

Q. Two payments for the full amount of \$3,297.95, less \$1,657.56?—A. Yes.

Q. Then you start on July 31st?—A. I beg pardon, I do not, those are the former book-keeper's books.

Q. These books say that starting on July 31 you started with a balance due of \$1,657.56?—A. Yes.

Q. And then the work up to the 31st of December, including that balance, would be \$5,190.64, would it not?—A. Yes.

Q. And you have received on that, how much?—A. There are several cash items there.

*By Mr. Johnston:*

Q. The whole amount?—A. \$405.15, and \$316.46.

*By Mr. Northrup:*

Q. What is that item of \$316.46?—A. That is a cross-entry again, that is deducted by the government, I presume, I take it for granted that is what it is.



## APPENDIX No. 1

Q. When you start on January 1, 1907, you start with a balance brought forward of \$405.15 due?—A. Yes.

Q. That runs on down to March 31?—A. The receipts here would not go that far, because we are always two or three months behind in receiving payments.

Q. But taking the books down to the 31st of March, 1907, there would be how much?—A. Including the balance down to the 31st March, 1907, there would be total charges that year of \$3,689.64.

Q. How much was paid up to the 31st of March?—A. Up to the 31st of March we had received \$2,056.14.

Q. So that there is a balance still due at the close of the year of how much?—A. \$1,635.50

Q. Now, taking the account on page 203, did I understand you to say that the items here will show the amounts paid Armstrong?—A. I would presume so, I would interpret that the same as I would the account at present.

Q. As a matter of fact, 'E.J.A.' or 'E. J. Armstrong' in some places is opposite these items, is that correct?—A. Yes.

Q. Now, taking the account down to the 30th of April, how much was apparently paid to E. J. Armstrong?—A. To the 30th of April?

Mr. MACLEAN (Lunenburg).—Why do you ask all these questions, Mr. Northrup? Why not ask at once how much Armstrong was paid?

*By Mr. Northrup :*

Q. What percentage was Armstrong paid, or how much was Mr. Armstrong paid for this printing?—A. How much was he paid then?

Q. Yes?—A. That I could not answer positively.

*By Mr. Maclean (Lunenburg) :*

Q. How much is he paid now?—A. He is paid 75 per cent.

*By Mr. Northrup :*

Q. And the St. John 'Sun' has the other 25 per cent, is that it?—A. Yes.

*By Mr. Crockett :*

Q. All the St. John 'Sun' does for the 25 per cent is to receive the orders?—A. Not at all.

Q. What else does it do then?—A. Am I to answer that question 'What else does it do?'

Q. What else does the St. John 'Sun' do besides receiving the orders, sending them over to Armstrong, sending the bills into the government and receiving the cheques?—A. Well let me tell you how we are doing it at present, my knowledge of it. We receive the orders from the government, they are entered up in the usual form here, and the copy is sent to Armstrong to be printed.

*By Mr. Daniel :*

Q. What is that copy, a copy of the order?—A. The copy, the printer's copy. The form or whatever it might be, the guide to go by, is sent to Armstrong and he does the work and gives us a copy of the charge. We invoice it and we also receive the cheque from the Intercolonial Railway.

*By Mr. Maclean (Lunenburg) :*

Q. Who supplies the paper?—A. Well the thing is done in two ways : He gives the wholesaler the order on us for whatever the cost of the paper may be, that is the one that the St. John 'Sun' uses, and we also advance him money in order to help him finance the work and keep a stock of paper on hand; we practically finance the whole thing.

Q. So far as the paper is concerned you supply him with all the paper?—A. With all the paper.

*By Mr. Daniel :*

Q. Does that come out of the 25 per cent. the paper?—A. I beg your pardon.

Q. Does that come out of the 25 per cent? He pays for the paper you do not supply him with it free?—A. No, we deduct it later.

*By Mr. Crocket :*

Q. All that book-keeping, of course, could have been done away with if the government had given the order direct to Mr. Armstrong?—A. If we did not get the order we would not have that kind of thing.

Q. And you charge 25 per cent simply for your book-keeping?—A. No, we do not charge—

Mr. MACLEAN (Lunenburg).—You need not answer that.

*By Mr. Crocket :*

Q. That is for dealing with Mr. Armstrong?—A. We do not make any charge.

*By Mr. Johnston :*

Q. When you get a job of that kind from the Intercolonial or the government you turn it over to Mr. Armstrong for him to do the work?—A. Yes.

Q. You pay Mr. Armstrong before you get your money from the government?—A. We do.

Q. Do you owe Mr. Armstrong any money, are there any bills you have not paid to him?—A. No.

Mr. REID (Grenville).—This is getting into private business.

Mr. JOHNSTON.—That is what you have been doing all along, so we might as well have a little more.

Mr. REID (Grenville).—It is all right if he chooses to answer.

The WITNESS.—We do not owe Armstrong. Armstrong owes us.

*By Mr. Johnston :*

Q. As a matter of fact you make advances to Mr. Armstrong?—A. That is so.

Q. You advance him money?—A. Yes.

Q. As a matter of fact he owes you money now?—A. Yes.

Q. For advances that you have made to him?—A. Yes.

Q. Roughly speaking how much does Mr. Armstrong owe you at the present time?—A. Well I would have to make a guess at that, about \$3,000.

Mr. NORTHRUP.—Just a moment please. My honourable friend knows we cannot go into the accounts that are standing at the present time. I was limited to accounts down to the 31st March, 1907.

Mr. JOHNSTON.—All right if you do not want the information.

Mr. NORTHRUP.—I will be happy to go through the whole account if you like.

*By Mr. Johnston :*

Q. Are you a practical printer yourself?—A. No, sir.

Q. If you were a practical printer yourself you would be able to tell us that Mr. Armstrong could not do this work if the government were dealing directly with him?—A. I do not understand that.

*By Mr. Maclean (Lunenburg) :*

Q. This is an arrangement that the St. John 'Sun' has met with Mr. Armstrong. Instead of putting in their own plant Mr. Armstrong does the work for them?—A. That is it.

## APPENDIX No. 1

Q. On a common basis?—A. That is it.

Q. He does the other work for the St. John 'Sun,' outside of the Intercolonial Railway work on the same basis?—A. Yes.

*By Mr. Carvell:*

Q. Do you make any profit out of other work which Mr. Armstrong does for you?

—A. He does for us all round stationery and so on, and occasionally a small job would come in from outside. We would hand that over to him too.

*By Mr. Maclean (Lunenburg):*

Q. On the same basis?—A. On the same basis.

Q. That is not an uncommon thing in the printing trade is it?—A. I believe not.

*By Mr. Northrup:*

Q. You have spoken of Mr. Pearson, the president, is he a Halifax gentleman?—

A. Yes.

Q. Is he connected with the Halifax 'Chronicle' do you know?—A. I would suppose he was, I would think so.

Q. You understand him to be the same man?—A. Yes.

Q. Do you know if it is the same company in possession of the two papers or different companies?—A. I would think not. One is the 'Sun' Printing Company, anyway, of St. John.

Witness discharged.

Mr. F. J. FARRELL, called and sworn and examined.

*By Mr. Maclean (Lunenburg):*

Q. Are you in the Civil Service?—A. Yes, sir.

Q. In the Department of the King's Printer?—A. Yes, sir.

Q. What is your position there?—A. Audit Clerk.

Q. Is there any statute relating to the prices charged for printing?—A. Not as to the prices, sir, other than that the prices shall be fair commercial rates.

Q. What are the regulations?—A. Do you want to know the figures we allow, sir?

Q. No. Was there not some statute passed?—A. Yes, sir.

Q. Explain that, please?—A. If you would let me read it, please. The first was passed in 1893, 56 Victoria, Chapter 15 (reads):

'Provided that nothing in this Act shall be held to require that the printing for the purposes of the Intercolonial Railway, or of the Prince Edward Island Railway, shall be done in the said establishment in any case where such printing may be more conveniently done elsewhere at a cost not exceeding that which would be charged for such printing at the said establishment.'

Up to either 1902 or 1903 the rate was that agreed upon by the King's Printer and the province printers after conference with them. That rate was continued until 1903 when the Auditor General objected and claimed that the conditions which I have just read were not complied with, that is to say that the prices allowed up to 1903 were in excess of what that work could be done for in the Bureau, and he caused Dr. Dawson to go back to the literal reading of the Act, and for six months of 1903 we paid the accounts of the province printers on the basis of the charges which would be placed against the work of the Printing Bureau. The cut was so great that objection was taken by the province printers and after representation to the government, and after conference upon the matter subsequently a bill was passed which provided that in future what are called 'commercial rates' are the rates which will be allowed to the province printers and on that basis the accounts are being audited at present.



Q. When was that?—A. In 1903. I have the three certificates that have been given, the first was that the prices were 'fair and just' and the second certificate which the Auditor General demanded in 1903 was that the prices charged were not higher than that at which the work could be done by the Printing Bureau, that they were the same as would be charged at the Printing Bureau, and the third certificate, that which is now given is, that they are 'customary and fair commercial rates.'

Q. What is meant by 'commercial rates'?—A. The rates in general use throughout the country.

*By Mr. Maclean (Lunenburg):*

Q. How do you get at that?—A. We know the prices that are current at Toronto, Montreal, Halifax and other places. If you want to know the figures I can give them for composition, press-work, &c. All the items are based upon the prices at which the different classes of work can be done at a fair profit.

Q. And in these accounts in question for printing done by the St. John 'Sun' Publishing Company are the prices charged the ordinary commercial rates?—A. They are the ordinary commercial rates.

Q. And the prices paid were what you would have paid elsewhere for the work?—A. Yes.

*By Mr. Crockett:*

Q. Does the ordinary commercial rate include a commission?—A. I did not understand that, I only looked into the question of the figures which are based on the commercial rate.

Q. You would not say, would you, that ordinary commercial rates include commission?—A. I never thought of 'commission' in that connection.

*By Mr. Northrup:*

Q. In view of the evidence you have heard this morning will you call the attention of the King's Printer to the fact that work can be done at St. John, and is being done at St. John, at 75 per cent of what he is paying?

Mr. MACLEAN (Lunenburg).—That is not done, that has not been shown in the evidence.

A. I heard the evidence, sir, and I am certain that the St. John 'Sun' is not allowed any more than any one of the many other offices that are doing the work that way.

*By Mr. Maclean (Lunenburg):*

Q. Do you allow the printer any profit on the paper used on a certain job?—A. Yes.

Q. How much?—A. 25 per cent on domestic papers, that is fair, and if it is other than Canadian paper we allow 25 per cent plus the duty on importation.

Q. What do you allow him on labour?—A. It is not put in that way, sir, we allow him a rate commercially known among printers as 'per thousand ems,' which covers the labour.

Q. Have you the schedule of prices with you?—A. No, sir, I have not, but I can give them to you offhand.

Q. You might give them?—A. Composition is 50 cents per thousand, that is plain matter, ordinary matter for report, for catalogue matter, which will necessitate justification more than once, up to two or three justifications, we call that catalogue matter and allow a price and a half (75 cents), and for regular tabular matter we allow double, \$1.00 per thousand ems. For press work \$1.00 per thousand or 25 cents per token up to 10,000 impressions, and over that it is 20 cents per token or 80 cents per thousand; binding we allow according to the nature of the work and for ruling the rates are according to the time taken, some of it being intricate work, for folding, stitching, we have another rate, according to the size of the sheet.

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*By Mr. Johnston:*

Q. You have before you there certain accounts sent in by the St. John 'Sun,' and I want to call your attention to them. There are two columns of figures there?—A. Yes, sir.

Q. The first column?—A. That is the charge.

Q. In the first column there is \$126?—A. That is the charge made by the 'St. John 'Sun.'

Q. And that was cut down to?—A. \$110; \$16 off.

Q. Then you have another item here of \$9.50?—A. That was struck down to \$5.00.

Q. You struck that down to \$5.00?—A. Yes.

Q. Then you have an item here for \$85 and you reduce that to \$76.35?—A. Yes.

Q. You have one here for \$65.50 and you reduce that to \$52.01?—A. Yes.

Mr. CROCKET.—They charged \$13.00 more than they were entitled to.

Mr. JOHNSTON.—That is what they would have got from anybody else in commercial business in this country.

Mr. CROCKET.—They reduced that account by \$13.

Mr. JOHNSTON.—They reduced that price from the ordinary commercial price down to a price lower than any practical printer in this country would undertake to do the work for. This is one of the things that I chance to know something about personally.

*By Mr. Johnston:*

Q. Now here is an item of \$82.50, which is the commercial rate in ordinary use commercially throughout the country and the government pays for that \$69.65?—A. Yes.

Q. I have some more here of a similar character?—A. Oh yes, they are all cut.

Q. Here is one which is \$82.00 at the commercial rate and it is reduced to \$62.90.

Mr. DANIEL.—Why is it reduced?—A. Because it is an overcharge.

*By Mr. Johnston:*

Q. That is in your estimation?—A. In my estimation, sir, that is figuring on the schedules placed before me.

*By Mr. Daniel:*

Q. You put it at what you considered fair?—A. Yes.

Mr. JOHNSTON.—I was saying that the charge of \$82 was the commercial rate? And in your opinion it was not a correct statement. I say that it was a fair commercial rate and you cut it down to some other rate?—A. Having in view the schedule of prices.

*By Mr. Crocket:*

Q. Are not the charges above the schedule all through this account. So that you had to cut the amounts down, is not that so?—A. What is that, please.

Q. Is it not a fact that the charges are all above the schedule all through this account so that you had to cut the amount down, is not that so?—A. What is that, please.

Q. Is it not a fact that these charges were all above the schedule that you say was agreed upon, and you had to cut them down, and that if it had not been for the vigilance of the King's Printer they would have been overpaid to that extent?—A. It would have been overpaid to that extent? Well, I would not like to answer that question, sir.

*By Mr. Johnston:*

Q. You will not say that the St. John 'Sun' would not have obtained this rate from any commercial house in the City of St. John or Halifax or Montreal?—A I would not like to say, sir.

*By Mr. Daniel:*

Q. You could not say?—A. No.

*By Mr. Johnston:*

Q. Then, there is another item here, there are several of them, one for \$138, which is the commercial rate and which is reduced to \$130, another one is reduced from \$49 to \$30. Here is an account where at the commercial rates obtaining in St. John and elsewhere the charge would be \$144, and you have reduced it to \$378.40?—A. That is form 18, Mr. Johnston. Those are the rates at which a large office would be able to print that form; I cannot take cognizance of the fact that a man has not the machinery or the facilities to do the work as cheaply as it could be done in a large office, with proper equipment, I simply base it on my opinion of what it is worth to do that work in an office which was thoroughly equipped.

Q. And in order to have that work done for your figures a man would require to be thoroughly equipped?—A. A first class plant, sir.

Q. No small office could undertake to do that work for that money?—A. No, sir. Some offices have already thrown up the work.

*By Mr. Maclean (Lunenburg):*

Q. Have you ever increased the price?—A. Not unless through correspondence—if it has come to my knowledge, as it has on one or two instances, that people in fixing their schedule prices and putting their prices on the back of the samples of the work, have omitted something. I remember that in one instance \$100 was omitted. I knew the man was doing himself an injustice and the King's Printer gave him the opportunity of revising his figures, with the result that the \$100 was added. That is fair.

*By Mr. Crocket:*

Q. Did you ever know the like of that to happen in the case of the St. John 'Sun'? Has the St. John 'Sun' ever omitted to make any charges?—A. It may have done so. You know there are twelve months' work in the year with an average of ten items a month. It is hard to keep track of them all.

*By Mr. Daniel:*

Q. The St. John 'Sun' did not make mistakes of that kind?—A. I cannot remember, it may have done it.

Witness discharged.

Mr. G. FRED PEARSON.—called and sworn and examined.

*By Mr. Maclean (Lunenburg):*

Q. You belong to Halifax?—A. Yes.

Q. As a matter of fact, I believe, you are managing director of the St. John 'Sun' Printing Company?—A. Yes.

Q. You heard the evidence this morning about the printing done by Armstrong for you?—A. Yes.

Q. What was the reason of this work being given to Armstrong?—A. Well, we purchased—my father and myself—the 'Sun' in St. John in January, 1906, and I went over it with Colonel Markham, who was then general manager, and Mr. Scott, who was then editor and continued to act in that capacity for some 6 months or so after we purchased the paper—

*By Mr. Carvell:*

Q. Mr. Scott knows the whole transaction?—A. He knows the whole transaction. I went there and discovered that the job printing plant was very antiquated and very



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old. We needed a room as a mailing room for our newspaper business so it was necessary to get rid of that plant or, if we intended to continue the job printing business, to put in a new plant. After a consultation with Col. Markham and Mr. Scott I sold the job printing plant to Mr. Jones for \$450. It would have cost us from \$8,000 to \$10,000 to put in a new plant to do the job printing that was ordinarily offered to a newspaper. I might say that we have another newspaper, the 'Chronicle,' at Halifax, and there we have a large job printing business sent us by private people, that is as distinct from the government. I thought when we bought the 'Sun' at St. John that the same business would come to the 'Sun.' At my consultation with Colonel Markham and Mr. Scott there were two propositions considered; either to put in a new job printing plant at a cost of eight or ten thousand dollars, or have the work done by another printer under the ordinary conditions which obtain in the trade, deducting the commission. I made arrangements to have the job printing at St. John done by Mr. Armstrong, who I understood was a good printer with plant and possessed limited capital. The arrangement made with him was that he was to do all our printing—whatever came into our office was to be done by him for 75 per cent of the schedule rates, that is ordinary competition rates in St. John for printing.

*By Mr. Crockett:*

Q. When you speak of schedule rates do you mean the schedule rates that Mr. Farrell referred to?—A. No, I explained that. I mean the ordinary rates that are established by competition in the printing business in St. John.

Q. Have they among the printers in St. John a schedule of rates for printing that they have all agreed upon?—A. They charge so much for composition, and so much for other classes of work and when you take a job it is fixed on that basis. Mr. Farrell said that the Printing Bureau allows 50 cents a thousand for composition. In Halifax we are doing business for other houses and getting 75 per cent of the price. We charge 80 cents a thousand for composition and the printer pays us 60 cents.

*By Mr. Daniel:*

Q. You charge 75 per cent profit?—A. No, I did not say anything about 75 per cent profit. I say we are allowed 75 per cent of the price for doing the work. The man who furnishes the work gets 25 per cent commission. At the Printing Bureau 50 cents a thousand, as Mr. Farrell explained, is allowed for composition and we charge 80 cents a thousand. That is the total rate for doing the work and we get 75 per cent of that.

*By Mr. Maclean (Lunenburg):*

Q. Go on with your explanation?—A. The arrangement with Mr. Armstrong was that we were to accept the orders. Perhaps I had better explain the way the orders came in. An order would come in from the Department of Railways. Paper would be required and we would accept an order for the price of that paper and pay for it in 30, 60, or 90 days, whatever time was allowed by the man who supplied the paper. Then we had to advance money to Armstrong from time to time to pay wages. The government would not pay their printing bills for three, six, or sometimes eight or nine months. In the meantime we would have advanced Armstrong perhaps a great deal more. We would have advanced him, perhaps, 75 per cent on that job and on a lot of other jobs. At the present time he owes us \$3,000 over and above all the work that has been done.

Q. And the 'Sun' is constantly receiving payments from the government and I suppose constantly making payments to Armstrong?—A. We receive payments from the government from time to time but we make payments to Armstrong without reference to the government work. We have to finance him.

*By Mr. Crocket:*

Q. These advances are made only on account of government work?—A. They were made from time to time to help to pay his wages. He did other work at the same time, of course.

*By Mr. Daniel:*

Q. That is in connection with your general business as well as your business from the government?—A. I do not quite understand.

Q. You said just now that Armstrong does all your—?—A. All our printing.

Q. All your work of that kind?—A. Of that kind.

Q. Not only what business comes to you from the government but what comes from elsewhere?—A. Quite so.

Q. And you say that you owe Mr. Armstrong money at the present time?—A. I did not say that.

Q. I understood you to say so?

Mr. CARVELL.—Mr. Armstrong owes them money.

A. That is on account of the general printing business.

*By Mr. Daniel:*

Q. It is not entirely on account of the Interprovincial business?—A. Oh no.

*By Mr. Maclean (Lunenburg):*

Q. I suppose the Intercolonial work is the heaviest?—A. We did not get the work we anticipated at St. John.

Q. And the work that Armstrong does, the larger percentage of it, is the Intercolonial Railway printing work?—A. Yes.

Q. If that arrangement had not been made with Mr. Armstrong you would have been obliged to install a plant yourself?—A. It was a question of installing a plant at the cost of eight or ten thousand dollars for job printing, or making a deal with a man who had a job printing plant and financing it.

*By Mr. Crocket:*

Q. And getting 25 per cent for doing no printing?—A. We did not do that at all. If you wanted to be fair you would not say that.

Q. That is what it amounts to?—A. That is what you say it amounts to.

*By Mr. Carvell:*

Q. Do you get 25 per cent net on this work?—A. Taking the capital invested and charging a reasonable amount for the use of that capital we do not by any means.

*By Mr. Crocket:*

Q. What capital did you invest in the job printing business?—A. We have about \$3,000 invested in Mr. Armstrong at the present time.

*By Mr. Carvell:*

Q. And you are advancing money all the time?—A. Advancing money all the time.

*By Mr. Crocket:*

Q. Armstrong owes you \$3,000 for advances made by you to him on account of government work?—A. No, he does not, nothing of the sort.

Q. What did you mean then?—A. I meant what I said in reply to this gentleman (Mr. Carvell).

Q. I would like to understand then what the \$3,000 is for?—A. Well if you had ordinary comprehension you would have understood from my reply to this gentleman here.

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Q. You need not talk in that way, you can make what assumption you like ?—

A. It is you that are making the assumption. I do not desire to make any assumption. I desire to be fair and I want you to be fair also if you know how.

Q. You said this was for advances, for capital that you had invested ?

Mr. CARVELL.—No, he did not say that at all.

Mr. CROCKET.—Did he not say this was to compensate for an investment of capital ?

*By Mr. Carvell :*

Q. No, he did not.—A. I said that Mr. Armstrong at the present time owed us \$3,000 money advanced him to enable him to do a general printing business, work which we handed over to him.

Q. Including the government printing ?—A. Including the government printing.

*By Mr. Northrup :*

Q. You spoke about some jealousy in Halifax which prevented you getting as much printing as you expected ?—A. I did not say that.

The CHAIRMAN.—He said jealousy in St. John against Halifax.

*By Mr. Daniel :*

Q. What paper in Halifax would have got the printing that you didn't get ?—A. In Halifax ? What I said was that when we took the 'Sun' over calculating upon our experience in Halifax, we thought we would get a large amount of printing which we did not get.

*By Mr. Crocket :*

Q. You were the secretary of the Eastern Railway and Supply Company, were you not ?—A. Is that pertinent to this inquiry ? I will give you any information I can in relation to that company, if it is pertinent.

Q. What I want to know is, is the same system employed by the 'Sun' Printing Company in connection with this printing as was employed by the Eastern Railway and Supply Company ?—A. I will be glad to discuss that question with you, Mr. Crocket, but I came here in response to a summons upon another matter.

Question objected to by Mr. Carvell.

*By Mr. Crocket :*

Q. This Eastern Railway and Supply Company received orders from the government for supplies for the Intercolonial Railway in about the same way as the St. John 'Sun' received these orders for printing, did they not ?

Mr. CARVELL.—Do not answer that question. I object to the question, Mr. Chairman, as being outside the matter at present under investigation.

The CHAIRMAN.—What bearing has the question upon the matter under investigation ?

Mr. CROCKET.—I want to know if this system of getting orders from the government and farming out the work to a printer to do the work is not the same system that was pursued by the Eastern Railway & Supply Company, of which Mr. Pearson was the secretary, in furnishing supplies to the Intercolonial Railway ?

Mr. CARVELL.—I am going to protest, and I am going to object to my hon. friend (Mr. Crocket) putting something on the records which he knows he has no right to put there.

*By Mr. Maclean (Lunenburg):*

Q. What is the practice in Halifax, Mr. Pearson, with reference to printing ? Does this practice prevail there as in St. John ?—A. Yes, that is the general practice.



The practice we follow in St. John is the general practice followed in Halifax to-day among printers, and we are doing a large amount of printing in Halifax on the same basis; we have a large job plant there and we are getting 75 per cent of the ordinary competitive rates for doing the work.

*By the Chairman:*

Q. You are doing that for other people?—A. Yes, for Halifax printers, competing printers.

*By Mr. Daniel:*

Q. Then in Halifax you find you can make a profit by doing the work at 75 per cent of these rates?—A. I will explain to you: printing is an expensive business to carry on, you have to employ competent men at high rates of wages, and where you can make a profit is when you can keep the men employed all the time. So that when one printer is filled up with orders you can keep your men employed by doing work for him, with a man in a small way of business he cannot always keep his men employed, but in a large establishment it is possible, by taking work for other printers, to do the work in that way at 75 per cent.

Mr. CROCKET.—I want your ruling, Mr. Chairman, as to whether I am, as a member of this committee, going to be excluded from asking the witness about the Eastern Railway & Supply Company.

The CHAIRMAN.—I think so, unless there is something here in the Auditor General's Report which applies to them.

Mr. REID (Grenville).—If Mr. Crocket wants to ask the witness about the Eastern Railway & Supply Company we can get an item here which has been paid to them.

The CHAIRMAN.—I do not think it relates to this particular item now under investigation.

Mr. CROCKET.—It relates to other items before the Public Accounts Committee and which are contained in the Auditor General's Reports. I want to prove that this gentleman is the secretary or was the secretary of the Eastern Railway & Supply Company that have been supplying thousands of dollars worth of goods to various departments—

Mr. CARVELL.—I object to that statement being placed upon the record.

Mr. CROCKET.—That that company supplied thousands of dollars worth of goods to the Railway Department, that they never owned any goods of any kind, that they did their business from Mr. Pearson's law office, and that their sole equipment was a chair and desk in that office, and notwithstanding that they supplied thousands of dollars worth of goods at middleman's profit. I want to know whether I am going to be allowed to prove that by the Secretary of the Company.

The CHAIRMAN.—You have not shown that that has anything to do with the item under consideration.

Mr. MACLEAN (Lunenburg).—I move that the committee rise.

Mr. NORTHRUP.—Before that motion is put I move that this evidence be printed and reported to the House.

The CHAIRMAN.—My idea is that the answer to the question that Mr. Crocket desires to put to the witness is not evidence on the item we have been considering. There is an item here in the Auditor General's Report of a payment to the Eastern & Supply Company, and it is for the committee to say if they will go into the consideration of that item.

*By Mr. Carvell:*

Q. I submit that this witness was brought here on a subpoena to give evidence on a certain question; he came here prepared with books and documents to give evidence on that question. At this stage of the session it is not decent, let alone fair to ask the witness questions upon another subject altogether upon which he has not had a chance of informing himself. I think it is absolutely unfair, and my hon. friend

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(Mr. Crocket) is only putting the question because he got a little piqued at the answer the witness gave him.

The CHAIRMAN.—Is there any other evidence on this item relating to the 'Sun'?

Mr. REID (Grenville).—I guess that is all the evidence on the 'Sun.'

The CHAIRMAN.—That closes the evidence on this item relating to the 'Sun'?

Mr. CARVELL.—I move that this witness be discharged, so far as the enquiry into that item is concerned.

Mr. CROCKET.—I want to go into the affairs of the Eastern Supply Company.

The CHAIRMAN.—After this motion is disposed of that will be the subject matter for another motion. Shall the witness be discharged?—Carried.

Witness discharged.

Mr. CROCKET.—I move that Mr. Pearson be summoned to appear before the committee to-morrow morning for examination in regard to supplies furnished by the Eastern Railway & Supply Company to the Intercolonial Railway as set out in the Auditor General's Report.

The CHAIRMAN.—That is the item which has been referred to, a payment of \$1,325.21 at page W-120.

Mr. REID (Grenville).—And any other payments to the Eastern Railway and Supply Company that may appear in the Auditor General's report which is before us.

Mr. MACLEAN (Lunenburg).—That is a pretty small piece of business. Everybody expects that the House will rise on Friday or Saturday and Mr. Crocket had no idea of going into the matter of the Eastern Railway and Supply Company until now. He knows that nothing that Mr. Pearson can tell about the affairs of that company will be of any interest to the House or to the people.

The CHAIRMAN.—Of course if the witness objects we cannot compel him to appear, even if a summons were issued, because there is not a quorum of the Committee here to authorize the issue of the summons.

WITNESS.—I am quite willing to give all the evidence I am able to give in respect to the Eastern Railway and Supply Company. But I want to say this, Mr. Crocket: I simply acted as solicitor, I can give you absolutely no evidence in respect to any item that appears in the Auditor General's report; I took no money out of it, no money passed through my hands, I had nothing to do with it, I am simply in the position of a solicitor and I cannot give you any evidence that will help you or anybody else with respect to any item in that report.

*By Mr. Crocket:*

Q. Were you not secretary of the company?—A. I was, yes. I was secretary to the three incorporators who were clerks in my office, just the preliminary organization. I did no business and had nothing to do with it beyond what I have stated.

Q. We will find out about the company?—A. If you will come upstairs I will discuss it with you if you want to be fair.

Mr. CROCKET.—I am not here to discuss public matters privately with you.

The CHAIRMAN.—If there is any objection I must rule that there is not a quorum here to permit us to go on with the investigation.

Mr. MACLEAN (Lunenburg).—I object to Mr. Pearson being called to-morrow.

The CHAIRMAN.—There is not a quorum. We cannot force the attendance of a witness if it is objected to.

Witness discharged.

Committee adjourned.





# REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO

PURCHASE OF 200 SUB-TARGET GUNS FROM THE  
ONTARIO SUB-TARGET GUN COMPANY

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

## COMMITTEE ROOM 32.

THURSDAY, January 30, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock, a.m., Mr. Carvell presiding in the absence of the Chairman, Mr. Clarke.

The committee proceeded to the consideration of the dealings of The Ontario Sub-Target Gun Company with the Department of Militia in connection with the purchase of 200 sub-target guns from the said Sub-Target Gun Company as set out in Sessional Papers No. 136 referred to the Public Accounts Committee by order of the House of Commons.

Mr. H. H. WICKWIRE, called and sworn and examined.

*By Hon. Mr. Foster :*

Q. You are Mr. H. H. Wickwire, of Kentville, N.S. ?—A. I am.

Q. Have you any knowledge of, or connection with The Ontario Sub-Target Gun Company, Limited ?—A. I have no connection with it at present.

Q. You have knowledge of it ?—A. Yes, I had when it was incorporated.

Q. Were you one of the original incorporators ?—A. Yes.

Q. And a director, one of the original directors ?—A. Yes.

Q. Qualified for \$500 worth of the stock ?—A. Yes, I think so.

Q. For which you would pay \$500 ?—A. I gave a note for my stock.

Q. And the note you were afterwards called upon to pay ?—A. I have never paid the note.

Q. You have never paid the note ? Do you still own the \$500 worth of stock for which you gave that note ?—A. No.

Q. You have disposed of that ?—A. I have.

*By Mr. Macdonald (Pictou) :*

Q. The note is still outstanding ?—A. Yes, as far as I know.

Q. You never got the note back ?—A. No.

*By Hon. Mr. Foster :*

Q. Was that note to the company itself ?—A. I really could not tell you; I don't remember about that.

Q. You don't remember whether it was a note to the company or a note to Mr. Jewell ?—A. I do not. I do not remember about that.

Q. However, you know that you gave a note for it ?—A. Yes.

Q. And you believe that note is still outstanding ?—A. Well, I have never paid it, and I have never seen it since.

Q. You have never paid it ? Have you ever had any communication with the holder of the note as to the payment of it ?—A. Not that I remember.

Q. Rather odd is it not that a man should hold a good note in these perilous times ?—A. Well, I may have, but I have no recollection of it now.

Q. You would have a recollection if you had been asked about the note would you not ?—A. Oh yes. I have never been asked about the note.

Q. For what length of time did you give the note ?—A. I think it was a three

months' note if I remember. I would not be sure about that but I think it was for three months.

Q. You gave that note in 1904 ?—A. I think so, yes.

Q. And have never been called upon for its payment ?—A. No.

Q. Had you any understanding or arrangement with any person or company that you would not be called upon to meet that note when it became due ?—A. No.

Q. None ?—A. No.

Q. A sort of act of Providence is it not about that ?—A. I don't know anything about it.

Q. Did you ever have any other stock than that \$500 worth in the company ?—A. I had the one block of stock that is all I ever had. I don't quite understand what you mean.

Q. The stock to which I referred was that which the original directors had to have, to qualify, \$500 worth. Did you ever have any more stock than that ?—A. Yes, I think there was more than that.

Q. How much did you have ?—A. I had the same that all the other directors had in the inception of the thing, I think it was \$25,000 worth.

Q. That is you were to pay for \$500 worth of the stock and for that you gave your note ?—A. Really I don't know that there was any such agreement as that.

Q. Well, was the stock given to you for nothing ? What consideration did you give for the stock ?—A. I gave a note for \$500 and the other consideration was that I was a promoter and organizer of the company, the same as the other directors of the company.

Q. Then for that note of \$500 your understanding was you were to get \$25,000 worth of stock ?—A. Not for that alone, no.

Q. What for ?—A. In consideration of my being a promoter, etc.

Q. Was there any other money consideration, other than the \$500, for which you gave your note ?—A. Any other money consideration ?

Q. Yes ?—A. None.

Q. None ? Then you became a director of the company, you gave your note for \$500, and you received \$25,000 worth of the stock ?—A. I did.

Mr. MACDONALD (Pictou), objected to the nature of the examination, claiming that the object of the committee was simply to ascertain whether or not the country had received proper value for any money that had been expended upon guns appearing in the Auditor General's Report. He asked for the ruling of the Chair as to whether questions on extraneous matters such as the formation of this company, should be allowed.

The CHAIRMAN.—Well, gentlemen, as I understand the matter, at present there is nothing on which to rule. If any of you object to a question I won't hesitate very much to give you my ruling in the matter.

*By Hon. Mr. Foster :*

Q. This \$25,000 of stock—

Mr. MACDONALD (Pictou), objected that Mr. Foster should communicate to the committee what he proposed to establish and what the purport of this examination was, and whether he was going to keep within the lines which were proper lines for the committee to follow.

Debate followed.

The CHAIRMAN.—Unfortunately I occupy the position of Chairman temporarily. This question has been raised before, and I took grounds on this last year, and I will have no hesitation in giving you my views on it.

Mr. FOSTER.—You need not rule so rapidly. If there is any ruling to be given I would like to discuss the question.

The CHAIRMAN.—If you will ask a question I will give a decision on it.

(Discussion followed.)



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*By Hon. Mr. Foster :*

Q. I understand Mr. Wickwire——A. I wish to make an explanation before going any further, because I do not think any of you gentlemen here have got the rights of this thing just as it is. I did not get that \$25,000 of stock from The Sub-Target Gun Company, I got it from Mr. Jewell and it was issued to him for value, as I understood it, for the purchase of the Canadian patent; the stock I got was part of the stock issued to Mr. Jewell. Therefore I did not get \$25,000 of stock for nothing from The Sub-Target Gun Company.

Mr. BARKER.—That is a very important statement and I hope it will be taken down.

*By Hon. Mr. Foster :*

Q. I understood you to say that at present you have not any interest in the stock?—A. No.

Q. You have, therefore, disposed of your stock?—A. I have.

Q. Have you any objection to saying to whom you have disposed of it?—A. If there is any reason why I should give that information I should wish the consent of the party to whom I sold it.

Q. I do not see there is any reason why you should not; it appears each year on the returns who the stockholders are, there is no proper reason?—A. I really do not know to whom I sold it.

Q. Did you make the sale yourself?—A. Yes—No, I did not make the sale myself.

Q. How did you sell it?—A. Through a broker.

Q. You gave instructions to your broker, I suppose, to sell?—A. I did.

Q. Did you transfer the stock?—A. I forget whether I transferred it in blank or otherwise, I do not remember.

Q. You employed a broker to sell it and he sold it?—A. Yes.

Q. How much did you get for it?—A. \$1,500, I think.

Q. For the \$25,000?—A. Yes.

Q. So that we have so far, that you got \$25,000 for the authorized stock, you gave a note for \$500, which you never paid, and then you sold the \$25,000 of stock for \$1,500?

Mr. MACDONALD (Pictou), objected to the insinuation that the note had never been paid.

*By Hon. Mr. Foster :*

Q. Now Mr. Wickwire, let me ask you another question : How did you come to be interested at first in The Ontario Sub-Target Gun Company?—A. I don't understand what you mean.

Q. There was a time when you knew nothing about the company and had no interest in it. How had you come to be interested in it?—A. It was at the instance of Mr. Jewell and Sir Adolphe Caron, I think.

Q. You first had knowledge of the machine and the company through Mr. Jewell?—A. Yes, I think it was Mr. Jewell at first.

Q. Do you remember about what time that was?—A. It was not very long before the company was incorporated, not very long.

Q. That was in the early part of 1904?—A. I think so, yes.

Q. When did you first meet Mr. Jewell?—A. I met him in the early part of 1904. I cannot tell you the exact time.

Q. Had you known him before that time?—A. No, I had never met him before that.

Q. Did you seek an interview with him or did he seek an interview with you?—A. I think he sought an interview with me.

Q. That is, you had not known him before?—A. No.

Q. Then Mr. Jewell sought an interview with you and as a result you saw him. Do you remember where it was?—A. I think it was in Montreal.

Q. He met you in Montreal? By agreement?—A. Yes.

Q. And he asked you to take an interest in The Sub-Target Gun Company?—A. He did.

Q. What reasons did he give to interest you in that?—A. Well really, I could not tell you; I don't remember about that. The principle reasons that I got were from other people than Mr. Jewell.

Q. And up to that time you had not made inquiry into it?—A. I beg your pardon.

Q. Up to that time you had not made inquiry into it?—A. I had not. I had seen some account of the machine in the 'Scientific American' some time before that.

Q. And that had impressed you with the machine?—A. Yes, I thought it was quite a wonderful machine.

Q. So when Mr. Jewell approached you, you were quite ready to talk the matter over with him?—A. I knew something about the machine at that time.

Q. You said a moment ago that you were a promoter. You became a promoter after you had had this talk with Mr. Jewell, I suppose?—A. Naturally.

*By Mr. Macdonald (Pictou):*

Q. Who were the other people?—A. I beg your pardon?

Q. You said there were other people who spoke to you about it. Who were they?—A. Sir Adolphe Caron and a couple of American gentlemen; I forget their names at this date. One of them was an expert rifle shot and the other was a machinist—an expert machinist who was connected with the company in Massachusetts, where the machines were manufactured. They had a couple of machines on hand then in Montreal.

Q. These gentlemen were in Montreal at the time?—A. Yes.

Q. Would you tell us about these other people? You said the reason you went into this concern was more on account of the representations of other people than on account of Mr. Jewell's representations?—A. Certainly.

The CHAIRMAN.—I think, Mr. Macdonald, we will get along much better if you will allow Mr. Foster to conclude with the witness and then conduct your re-examination. I know it is customary in this committee to break in at all sorts of places—we all do it—but still I think it is a practice which breaks up the narrative, and I do not think we get the best results from it.

*By Hon. Mr. Foster:*

Q. Have you the correspondence that went on between Mr. Jewell and yourself which led to that meeting in Montreal?—A. No, I have not.

Q. You were asked to bring all correspondence in connection with the matter?—A. I was summoned here to this committee last spring, when I think I had that letter and one or two others, but the meeting was afterwards cancelled, and when I came to look over this stuff again—I had taken it from my office to my house—I could not find anything except one or two letters notifying me of meetings of directors, and I did not bring those.

Q. Still, you remember you did receive a letter, and as a result you had a conference?—A. That is why I went there in the first place.

Q. Your memory is perfectly good on that?—A. Oh, yes.

Q. But it did not succeed in finding the papers?—A. I did have that letter about the time I was coming here last spring, but in the meantime I did not pay much attention to it. I did not know I would be brought here again, and I do not know what became of it. At that time I took it away from my office to my house to put into my bag when I was coming up here.

Q. You made search for those letters, but you did not have them?—A. I did not have much opportunity to make search for them.

Q. They may be still there?—A. Possibly.

Q. But you remember you did have correspondence?—A. I did have a letter. I don't say I had correspondence, I say I had a letter.

Q. And at that time you were living in Kentville?—A. I was.

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Q. And Mr. Jewell was in Toronto?—A. I presume so.

Q. And your correspondence went on?—A. I don't say that.

Q. Do you say then that you had no other correspondence with Mr. Jewell?—A. I don't remember anything except meetings of directors. I think I had a telegram from him once, asking me to come to Montreal, or something of that kind.

Q. Will you state now that you had no other correspondence with Mr. Jewell excepting this letter which resulted in the conference in Montreal?—A. I would not say that. I say I don't remember any at the present moment.

Q. You don't remember that you had correspondence after that with Mr. Jewell?—A. I cannot recall to my mind any particular correspondence.

Q. I will try and suggest some things which may help your memory, or test your memory, a little with reference to it. What were the considerations urged by Mr. Jewell upon you to induce you to become a promoter in this company?—A. What were the considerations?

Q. Yes. What reasons did he use to induce you to become a promoter? You said you were a promoter of this company?—A. I don't know that I can answer that question; I don't know what you mean by that.

Q. Mr. Jewell summoned you by letter to meet him in Montreal, and you met him?—A. I did.

Q. You talked over this matter of The Sub-Target Gun Company, you became a director of The Sub-Target Gun Company; you said here this morning that you were a promoter of that company; now what considerations, what reasons were given by Mr. Jewell to induce you to become a director and a promoter of that company? That is plain; you understand that?—A. Well, I do not know that I can give you an answer to that. I do not know; it was a company formed to manufacture a useful article which, in the opinion of the gentlemen who formed the company, might be of value to this country and to all the provinces, and it was at that time there was another machine, known as the pistol machine, which looked as if there might be some money in it. That is all I can say about that.

Q. He asked you to become a director, did he?—A. No, the company did; he did not ask me to become a director that I remember; the company made me a director.

Q. Was the company organized at the time you met Mr. Jewell?—A. Well, I could not say about that; I do not think it was.

Q. You were one of the original incorporators of the company?—A. Yes, that is right.

Q. Who asked you to become an original incorporator?—A. Mr. Jewell and Sir Adolphe Caron.

Q. Very well, I suppose that question was asked you at Montreal at the time you had that conference?—A. I think so.

Q. Then you did not need any reasons to persuade you to go into the company?—A. I have already given reasons, I examined the thing very carefully, talked with American experts who were there; I questioned them about its use in the United States, and all that sort of thing before doing so.

Q. Anyway, after they interviewed you, you became a director and promoter of the company?—A. I did.

Q. What advantage did you expect to gain personally by coming into that company and becoming a promoter and director?—A. Well, the only thing I can say about that is I was to be the agent of the company in the maritime provinces; that is the only thing I know of.

Q. You were to be the agent of the company in the maritime provinces?—A. Yes.

Q. Anything else?—A. No.

Q. Had you any special duties to perform as the promoter of the company and the recipient of that stock?—A. No, I have attended but one meeting of the directors in fact.

Q. Did you at that time visit Ottawa?—A. I do not think so.



Q. You did not come further than Montreal, where you had the interview with Mr. Jewell?—A. I think not.

Q. After that you returned to your residence?—A. I do not know whether I went directly home or to Boston, I have forgotten about that.

Q. You are quite sure you did not come to Ottawa at that time?—A. I did not.

Q. That closes the matter of the negotiations. You became a director and promoter of the company and had the promise of the agency in the maritime provinces?—A. Yes.

Q. Can you fix nearly the date at which you had that interview at Montreal with Mr. Jewell?—A. No, I cannot fix the date; I have no way of fixing the date.

Q. It was in the early part of 1904?—A. Yes, it was March or April, I think.

Q. Yes, in the spring of the year?—A. Yes.

Q. You can tell the season, March or April, 1904; do you remember, when becoming a director and promoter with the interests you had in it, to what you looked chiefly for the profits of this company?—A. I cannot answer that, because I could not say; I do not know.

Q. You must have thought as to what market this gun, this machine, would get, and how the company was going to make its profits, didn't you?—A. I supposed they were going to make the profits out of the manufacture of the guns and the machines.

Q. Out of manufacturing the machines and selling them at \$250 each, which was the price set?—A. That was the price set, that was the United States price—the same price the United States paid.

Q. Did you think at that time, or didn't you think, that a very important customer would be the Dominion government?—A. Well, I could not say that I thought; probably they would be of advantage to the militia, certainly.

Q. You thought that the gun would be of advantage to the militia; yes, that is true; but did you in your view with reference as to how that company was going to make out, did you, or did you not, look upon the Dominion government as being your best customer?—A. I can't say that I did.

Q. Did you look upon it as being a customer necessary to the full success of your company?—A. I can't say that I ever thought of any such thing.

Q. You had a slight idea, didn't you that it would be a valuable customer?—A. Yes.

Q. If it could be got to adopt the machine?

Mr. MACDONALD (Pictou), objected that there should be a limitation to the number of times the same question should be put to a witness in order that the time of the committee might not be wasted.

The CHAIRMAN.—It is hard for me to interfere, but if the witness asks for protection or any member of the committee raises objection I will give my ruling.

*By Hon. Mr. Foster :*

Q. Mr. Wickwin, there was no talk between you and Mr. Jewell as to pressing for a contract with the Militia Department?—A. No, I do not think so.

Q. Are you sure on that point?—A. Well, any talk that way that we might have had—we did not have any talk at the time you are speaking about.

Q. Did you at any time?—A. Did I what?

Q. Did you have any talk or communication with Mr. Jewell as to the advisability of pressing for a contract with the Militia Department for these machines?—A. I do not remember any.

Q. You do not remember any?—A. No.

Q. You never talked that over?—A. I do not remember, I do not remember any talk that was not general talk among the members of the company present.

Q. Did you have any talk at all with Mr. Jewell, or other members of the company as to the number of guns that you would try and get a contract for from the Militia Department?—A. No, I do not think so.

Q. You are sure on that point?—A. I think so.

Q. Was there any talk between you and Mr. Jewell as to whether a contract should

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not be urged for at least a thousand of those machines?—A. No. There was talk among the members of the company that if the Militia Department took up the matter and if they supplied these guns to the units of militia for Canada, that the probabilities were that it would take a thousand guns to do that.

Q. And did the company, while you were present or at any conference at which you were present, come to a conclusion as to pressing for a contract with the Dominion government for a specific number?—A. No, I never heard that; I never heard such talk as that.

Q. But you know that they did, as a matter of fact, press for a contract from the Militia Department?—A. I don't think I did at that time.

Q. Did you later?—Q. Yes, I think I did.

Q. At what time?—A. The first I remember of it was last year when you were having this investigation here.

Q. Was that your first knowledge of a contract being urged?—A. That is as far as I can remember about any urging of any contract for any more.

Q. Or any decision of the company come to, to ask for a contract with the Militia Department?—A. Well, you see, Mr. Foster, I only attended one meeting of the directors of this concern.

Q. Where was that?—A. That was in Montreal.

Q. At the time you mention?—A. I think so. That is the only meeting I ever attended.

Q. At the time you mentioned, when you had a conference with Mr. Jewell, you at that time had a meeting of the directors?—A. That was one time. I think I met Mr. Jewell before that.

Q. Then after you had met Mr. Jewell, at the time you speak of, there was a meeting of the directors in Montreal?—A. Yes.

Q. Who were present at that meeting?—A. Mr. Jewell was present, Sir Adolphe Caron was present, Mr. Dewart, of Toronto, was present, and I think there was a gentleman named Tilden. I never saw the gentleman before or since.

Q. Yes?—A. Then there was another gentleman. I have forgotten his name.

Q. Was Mr. F. O. Lewis there?—A. No, I did not see him.

Q. You did not see him?—A. No.

Q. Were there any others that you remember?—A. Yes, I cannot remember the man's name just at the moment. If I heard the name I might know it.

Q. About what time was that meeting held?—A. I don't know whether that was in April or May.

Q. You received notice of the meeting?—A. Yes.

Q. Have you those notices with you?—A. No.

Q. But you were asked to bring all the papers in connection with this matter with you?—A. I did have one or two subsequent ones, but I never kept those things on the file. I threw them away.

Q. I understood you to say that in looking over your papers before you came you found notices for meetings and the like of that?—A. I did have two or three, yes.

Q. Not this particular one?—A. No, the ones I had were the very last ones I got after Jewell had gone out of the thing.

Q. Then at that meeting of the directors was there any move made, or any resolution come to, to try for a contract from the Dominion government or the Department of Militia?—A. Not that I remember.

Q. You don't remember that at that meeting there was any such resolution passed?—A. I do not.

Q. Were you in Ottawa in July, 1904?—A. I may have been.

Q. Can you say that you were?—A. Well, I was in Ottawa after that, some time during that summer. I don't know what time it was. I think I was in Ottawa twice, as a matter of fact.

Q. Are you not sure whether you were here in July or not?—A. I don't know whether it was July or August.

Q. Did you know at all that a contract had been made with the Minister of Militia and Defence for a certain number of guns?—A. Did I know?

Q. Yes?—A. At that time, do you mean?

Q. Did you know during that summer at any time?—A. I think so.

Q. About what time did you become cognizant of that?—A. I could not tell you.

Q. Was it in July?—A. I could not say.

Q. You cannot bring yourself to remember?—A. I have not the slightest idea.

Q. You don't know the month?—A. No.

Q. But it was some time that summer?—A. I think so.

Q. You became cognizant that a contract had been entered into with the Militia Department?—A. I think so.

Q. For how many guns?—A. I don't know.

Q. You don't know the number?—A. No.

Q. Whether it was 200 or 1,000?—A. I don't think it was 1,000, but I don't know the number.

Q. You became cognizant that there was a contract entered into, but you don't know whether it was for 200 or 1,000, but you are rather sure that it was not for 1,000, is that right?—A. I think so.

Q. Do you recollect whether or not you were in Montreal in the month of July, 1904?—A. If I came to Ottawa I would probably be in Montreal.

Q. That is not the question I asked you. Do you recollect whether you were in Montreal or not?—A. I have the same to say about that. I was through Montreal twice, I think, that summer, but I could not just say whether it was in July or August, or what time it was.

Q. Do you recollect meeting Mr. Jewell in Ottawa during either of those times when you were here?—A. Mr. Jewell was here once while I was in Ottawa.

Q. Was that the first or second visit that you made here?—A. I could not tell you.

Q. Can you fix the month?—A. No.

Q. And you also recollect being in Montreal on each of these occasions when you passed through the city?—A. Oh, yes, I always come that way. I could not get here any other way.

Q. Did you have any communications with Mr. Jewell from Montreal in the month of July, 1904?—A. From Montreal?

Q. Yes?—A. I have no recollection of it; I don't think so.

Q. Just think now whether you had any communication or not, by letter or by telegram?—A. No, I have no recollection of it.

Q. And you have none of your correspondence with you?—A. No, I have none.

Q. Do you recollect in the month of July, 1904, sending a telegram from Montreal to Mr. Jewell?—A. No, I have no recollection of it.

Q. Did you not send a telegram to Mr. Jewell from Montreal, dated the 31st July, 1904, reading this way (reads):—

'Leaving via Boston. Get letter forthwith and wire that same has been sent proper party. Will arrange meeting next week by wire. Must be prepared for business on delivery of papers.'

Do you recollect sending a telegram of that kind?—A. I do not.

Q. Will you swear you did not?—A. No, I won't swear I did not.

Q. You have no recollection of it?—A. No, I have not the slightest recollection of it.

Q. You will not, however, swear you did not send it?—A. No.

At the request of Mr. Macdonald (Pictou), who explained his attention had been momentarily drawn away, Hon. Mr. Foster read the telegram a second time



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Q. Now, having heard it repeated, Mr. Wickwire, you say you have no recollection that you sent such a telegram?—A. I have not.

Q. But you would not swear you did not send it?—A. Of course, not.

Q. I am taking this as being in July. You say you may have been there then?—A. Yes, I may have been.

Q. Do you recollect that on leaving Montreal you did go to Boston?—A. I think I did go to Boston on one of these occasions but whether that was the time or not I don't know.

Q. The telegram states 'leaving via Boston' and you say that on one of these occasions—it may have been that time—you did go from Montreal to Boston?—A. I think so.

Q. Did you see a Mr. North when you were in Boston?—A. I did not.

Q. Do you know Mr. North living in Boston?—A. I know a number of people named North, but I don't know any particular one.

Q. You know a number but you don't know any particular one?—A. Yes, I do know a number of people living somewhere in Massachusetts.

Q. Do you know William B. North?—A. No.

Q. W. H. North?—A. No.

Q. You do not know him?—A. I do not.

Q. You are sure of that?—A. I am certain.

Q. But you do know some Norths, you say?—A. Yes, I know some chaps of the name of North who have gone up from Nova Scotia to Massachusetts somewhere; I don't know where they are.

Q. After leaving Boston did you go to your home in Kentville?—A. I think I went to Yarmouth.

Q. And then to Kentville?—A. I stayed for a little time, my family was there at that time.

Q. And then you went to Kentville, that is your home?—A. Yes.

Q. Do you recollect sending a telegram from Kentville on the 9th of August?—A. No.

Q. To Mr. Jewell?—A. I have no recollection of it.

Q. Do you remember having any communications at all with Mr. Jewell in the month of August, 1904?—A. No.

Q. Didn't you send a telegram on August 9 from Kentville to Mr. Jewell, Toronto, 'Trust you appreciate the necessity of having letter before prorogation and ministers leaving Ottawa'?—A. No, I have no recollection of that.

Q. You won't swear you didn't send it?—A. I might have.

Q. You might have sent it?

Mr. MACDONALD (Pictou).—Have you any evidence that this telegram was sent? The CHAIRMAN.—I believe that is a pertinent question.

Hon. Mr. FOSTER.—I believe there were telegrams sent, yes, and I am trying to see whether the gentleman in giving his evidence, recollects these things.

Mr. MACDONALD (Pictou).—The usual course of examination is, as you are aware, to produce these documents.

The CHAIRMAN.—I think Mr. Foster should either produce the document or assert that he has the document and is reading from the document.

Mr. MACDONALD (Pictou).—If he has the document he should produce it, if he has not he should not examine upon it.

Hon. Mr. FOSTER.—I have no doubt at all these were telegrams that were sent.

The CHAIRMAN.—This may be very true from your standpoint, but I do not think it is treating the witness fairly.

Hon. Mr. FOSTER.—My object is to get information and I am asking the witness whether or not he has any recollection of these communications and the witness is giving his answer.

The CHAIRMAN.—I think Mr. Foster should produce the telegrams or else not examine on them.

Hon. Mr. FOSTER.—I have copies of the telegrams here.

The CHAIRMAN.—It is a copy, isn't it? This committee hasn't any assurance—they do not even have your assurance that it is a copy of a telegram sent or that he received it.

Mr. BARKER.—The man who received it is one of the leaders of this company and he probably will be asked to produce it if we haven't the original.

The CHAIRMAN.—Then if you have not the original this examination ought to cease.

Mr. MACDONALD (Pictou).—Mr. Foster won't tell us that he has the telegrams.

Hon. Mr. FOSTER.—These are copies of telegrams which certainly were in existence when I got them, and I believe they are in existence yet. They are not in my possession now, they are in possession of the party who received them and he is a party who is to be called in this examination.

Mr. MACDONALD (Pictou).—Have you seen them so that you are able to say they are copies?

Hon. Mr. FOSTER.—I may say they are copies of telegrams which I have seen.

Mr. MACLEAN (Lunenburg).—When Mr. Jewell gave you those copies did you see them yourself or did he give you those copies and tell you they were copies?

Hon. Mr. FOSTER.—I saw them myself.

(Examination of witness resumed.)

*By Hon. Mr. Foster :*

Q. So that you have no recollection of sending that telegram, have you any recollection of getting a letter from Mr. Jewell in August or September with reference to this?—A. No.

Q. Or any letters from him?—A. No.

Q. Well, you say you did not get a letter from Mr. Jewell, dated September 19, 1904, in reference to this matter?—A. In reference to what matter?

Q. The matters we have just been discussing?—A. I have no recollection about such letters, I do not think I did.

Q. Maybe this will call it to your memory, a letter written by Mr. Jewell—written to Mr. Jewell, rather, by you, from Kentville?—A. I have no recollection of it.

Q. You have no recollection of it—maybe this will call it to you, on September 27, 1904, a letter to Mr. Jewell :

'Yours of the 19th received, I have seen the party referred to and he tells me he made it plain to you that present contract would have to stand; the mistake was made in hurrying up a contract you now want to change.'

Does that help you to remember whether or not you wrote such a letter on 27th September, 1904?—A. I may have; I may have.

Q. In that letter you say, 'Yours of 19th received, I have seen the party referred to,' what party is that?—A. I do not know whether that has anything to do with this Sub-Target Gun business. We had other business, Mr. Jewell and I.

Q. 'And he tells me that he made it plain to you that present contract would have to stand,' what do you understand by 'present contract' as referred to in your letter here?—A. I have no recollection of the letter.

Q. Then the further sentence, 'Mistake was made in hurrying up contract you now want to change.' Does not that stir your memory at all as to the matter in hand?—A. The letter speaks for itself, I suppose, if I wrote it.

Q. What contract was that—

Mr. MACDONALD (Pictou) asked again if Mr. Foster was in possession of the letter, and objected that unless Mr. Foster had the letter and was able to produce it to the committee now, he ought not to be permitted to examine along the line he was pursuing.

(Argument followed.)

The CHAIRMAN.—The witness has stated he has no recollection of ever writing such letter and until Mr. Foster shows that he has written such letter this examination should cease, and I will so rule.

## APPENDIX No. 1

*By Hon. Mr. Foster :*

Q. Do you recollect, then, Mr. Wickwire, receiving a letter from Mr. Jewell, dated September 30, 1904 ?

Mr. MACDONALD (Pictou) objected to Mr. Foster expanding upon the record the contents of an alleged letter on the ground that it was manifestly unfair to the witness.

The CHAIRMAN.—I think this is even a more flagrant case than the other. In the other case Mr. Foster sought to have evidence of a letter or telegram which he alleges the witness wrote to somebody else and about which the witness would be supposed to have some knowledge. He is now asking about a letter which he alleges was written to the witness, but he has not proved the witness ever received the letter in question, or that such a letter was even written. Therefore, I think this second instance is worse than the other. Mr. Macdonald has properly stated the situation with this exception : if any member of this committee can show any transaction between the minister and the company, or any member of the department and the company, I think that is proper evidence. I do not see, however, what right this committee has to go into the internal transactions of the company between two members of it; and, therefore, so far as I am concerned, I would feel like ruling out any further investigation into the transaction between different members of the company unless it shows connection with, and leads up to, the minister or the department. I presume we are here to investigate the financial end of this transaction, and the whole of the transaction, as far as the department is concerned. If Mr. Foster will produce a letter here, or a letterpress copy of such a letter, then it is a different thing. Of course there is no objection to Mr. Foster asking the witness any questions relating to his transactions with the minister or the department.

(Argument followed, and at 1 o'clock the committee adjourned.)

## HOUSE OF COMMONS,

COMMITTEE ROOM 32,

Friday, January 31, 1908.

The Committee resumed the consideration of payments to The Ontario Sub-Target Gun Company.

The examination of Mr. H. H. Wickwire continued.

*By Hon. Mr. Foster :*

Q. Mr. Wickwire, I asked you a question yesterday as to whether you knew a man by the name of W. H. North or Wm. H. North, of Boston or Massachusetts. Do you remember your answer to that?—A. I think I said I did not.

Q. Do you still adhere to that, that you don't know him?—A. I do, yes.

Q. You were in Montreal, according to your yesterday's evidence, in the month of July, and went from there to Boston. It was on the occasion of asking you that question, getting that information from you, that I inquired if you knew Mr. North, and you gave your answer. Did you, in the month of October, 1904, receive a draft to your order on the National Shawmut Bank of Massachusetts for \$9,000?—A. I did not.

Mr. MACLEAN (Lunenburg) objected to the questions asked by Mr. Foster as being irrelevant to any issue before the committee.

Hon. Mr. FOSTER.—The witness has answered the question. He says he did not receive it. He swears to it.

The WITNESS.—I am on oath, Mr. Foster.



*By Hon. Mr. Foster:*

Q. You are on oath, and you swear to that. Were you ever made a party to a suit in connection with the private secretary—this has all been taken before—

Mr. MACLEAN (Lunenburg) again objected to the line of examination as being outside of matters which bore any relation to the inquiry.

*By Hon. Mr. Foster:*

Q. I want to know from Mr. Wickwire whether or not he received a letter from Mr. Jewell of September 30, 1904?—A. I do not know.

Q. Well, now, Mr. Wickwire, you were summoned to appear here last year, and in your evidence you said that at that time, last spring I think it was, you looked up your letters and found you had several?—A. I had a few notices to attend directors' meetings, and I had a writ, I remember that.

Q. But in your testimony of yesterday you said there were some letters?—A. That is what I meant by 'letters,' notices.

Q. What you meant by 'letters'? But you said 'letters' in one sentence and 'notices' in another, that you received both?—A. That may be so.

Q. I have taken it here from your evidence?—A. That may be so.

Q. If you looked up these, and if you put these in your house, having taken them from your office, as you say you did, with a view to coming and testifying last year, you must have refreshed your memory with reference to them?—A. No, I can't say I did. I put them in my bag and I started for here last year, and I received a telegram before I got here that the thing was over, and I had to go back.

Q. There is the fact again that you had letters, and you have acknowledged before the committee that you have.

Mr. MACDONALD (Pictou).—He does not say so; all he says is he recollects having notices for directors' meetings, and he cannot say whether there were letters or not.

*By Hon. Mr. Foster:*

Q. He says: 'I was summoned here to this committee last spring, when I think I had that letter and one or two others, but the meeting was afterwards cancelled.' Now, that is the evidence he gave yesterday.

The CHAIRMAN.—What letter is he referring to?

Hon. Mr. FOSTER.—'I was summoned here to this committee last spring, when I think I had that letter—'

The CHAIRMAN.—What letter?

Hon. Mr. FOSTER.—That was a letter from Mr. Jewell, arranging a meeting with him in Montreal. 'And one or two others, but the meeting was afterwards cancelled.' Now, another question; I ask him with reference to what letters he had, and he says he had notices of meetings.

A. That is what I meant by 'letters.'

Q. What you said was: 'I had that letter and one or two others?'—A. One or two others, yes; a notice of a meeting is a letter.

Q. I would not take it to be a letter. I would take it to be a notice; perhaps you have peculiar ideas with reference to that?—A. Oh, no.

Q. Don't you know you received letter after letter from Mr. Jewell?—A. No, I did not.

Q. You will swear you did not?—A. I will swear I did not.

Q. Let me refresh your memory. I will read you a letter and see if you had it or not; that letter went to you, you were subpoenaed to bring that letter with you, you have absolutely refused to bring that letter, therefore I have the right to refresh the witness' memory by reading a copy of that letter, and asking him whether he received it or not.

Mr. MACDONALD (Pictou) objected to the question.

Mr. MACLEAN (Lunenburg).—The subpoena does not direct witness to produce letters.

## APPENDIX No. 1

Hon. Mr. FOSTER.—I will read the letter first and I will put the question to the witness afterwards.

Mr. MACDONALD (Picton), objected to Mr. Foster putting upon the record the contents of an alleged document of the existence of which he was not able to give any assurance to the committee, or the original of which he had not in his possession.

Hon. Mr. FOSTER.—I will ask witness a question as to whether he received a letter from Mr. Jewell, dated September 30, 1904, in the following words, and I will read the words—

Hon. Mr. EMMERSON.—I object to that because you are proving the original by reading from a document. Mr. Foster must realize that the proper procedure is for him to hand that document over to the witness and ask 'Did you get the original of this'; but he certainly cannot read out and place on the record the contents of an alleged original document in that way, and I object to the question being put.

The CHAIRMAN.—Now, gentlemen, I think the issue is perfectly clear. If you wish this matter decided now, we can settle it on the question as now put.

Hon. Mr. FOSTER.—I wish to ask the witness that question and I will read from the letter—

Hon. Mr. EMMERSON.—I object to that.

Hon. Mr. FOSTER.—In order to refresh his memory. (reads.) 'The Minister of Militia at our last interview'—

The CHAIRMAN.—I will rule that you have not any right to ask that question. I am not going to decide as to whether or not we should be guided by the rules which govern a court of law. If we were guided by the rules which prevail in a court of law I would have no hesitation in saying this question is not a proper one; I don't think that requires argument. But I will decide the question on a different basis. The submission to this committee was to inquire into the accounts between the government and The Sub-Target Gun Company. I think you, Mr. Foster, have a right to ask any question of this witness referring to the value of the article purchased, or to what may be called the financial side of the transaction. You also have a right to ask any question showing whether or not improper, or unfair, relations have taken place between the company or any member of the company, and the Minister of Militia or any member of his department. Yesterday I gave the ruling and I state again, that so far as I am concerned, sitting here as chairman for the time being, I think that any question along those lines is perfectly regular; but when it comes to asking for the private transactions between the different members of the company I think it is going entirely beyond the subject submitted to this committee and entirely beyond our province, and, therefore, I will rule on this ground alone that the question is not a proper one and cannot be asked. It is now open to any member of the committee to appeal against my ruling if he feels so inclined.

Mr. BENNETT.—What is in the letter do you know?

The CHAIRMAN.—I do not know and do not care. It is an improper way to get evidence before the committee.

Mr. SPROULE.—Is this not an inquisitorial committee? It is not controlled by rules of evidence is it?

The CHAIRMAN.—I do not care, Mr. Sproule.

Mr. SPROULE.—Is that true or not?

The CHAIRMAN.—Do you want my opinion?

Mr. SPROULE.—Yes.

The CHAIRMAN.—My answer is, that to some extent this committee is inquisitorial in respect of proper questions submitted to it. I submit, however, that it is not in the province of this committee to inquire into the private relations between two members of a company.

Hon. Mr. FOSTER.—Yeas and nays.

The CHAIRMAN.—Shall the decision of the Chair be sustained? The yeas have it.

Hon. Mr. FOSTER.—No. Let the yeas and nays be taken.

On a division the Chair was sustained by 28 yeas to 9 nays.

7-8 EDWARD VII., A. 1908.

The CHAIRMAN.—I declare the decision of the Chair sustained.

Hon. Mr. FOSTER.—I move that the proceedings upon which this decision has been rendered and the decision itself, be reported to the House.

Mr. MACLEAN (Lunenburg).—When ?

Hon. Mr. FOSTER.—Forthwith in the usual manner.

Mr. JOHNSTON.—Is the inquiry disposed of ?

Hon. Mr. FOSTER.—The inquiry is not disposed of.

The CHAIRMAN.—It has been moved by Mr. Foster seconded by Mr. Northrup that the question submitted to the witness, the decision in regard thereto, the reasons given by the Chair, and the appeal from the Chair's decision be reported to the House forthwith.

(Argument followed.)

Hon. Mr. PUGSLEY moved, seconded by Mr. Gervais : That the meeting now adjourn and that the subject be discussed at a later sitting.

Motion to adjourn carried.

The committee adjourned.



# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

\$10 BY THE BRITISH AMERICAN FISH CORPORATION AND  
\$10 BY ARCHIBALD MCNEE FOR FISHING LEASES

*PRINTED BY ORDER OF PARLIAMENT*



OTTWAA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY.

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

FRIDAY, April 3, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock, a.m., the chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the consideration of a payment of \$10, by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin and Great Slave lake in Mackenzie district to May 1, 1908, as set out at page P-198, Auditor General's Report 1906-7.

Mr. R. N. VENNING called and sworn and examined.

*By Mr. Northrup:*

Q. What position do you occupy in the Marine and Fisheries Department?—A. I am Assistant Commissioner of Fisheries.

Q. Do you produce three fishing leases, one to Markey, another to McNee and another to Coffey and Merritt?—A. I have those three leases here.

Q. Take the Markey lease, for example, is there any correspondence leading up to its issuance?—A. Yes, there is some correspondence, not very much, connected with the application.

Q. There is an application is there for a lease?—A. Yes, there is. There is the application (pointing to document on file.)

Q. What I want to know is, after the application was put in what steps were taken by the department to ascertain the value of the concession asked for?—A. I don't know that there were any specific steps taken in that direction.

Q. Then did the department grant the lease without having the slightest idea as to its value?—A. Well, they granted the lease practically as applied for.

Q. I know that, but did they grant the lease without making any inquiries whatever as to the value of the concession they were giving?

Hon. Mr. BRODEUR objected on the ground that the question referred to a matter which occurred some four or five years ago, whereas the committee had authority only to investigate the accounts of the past year, and the year preceding.

Argument followed.

The CHAIRMAN.—It is a matter, according to the minister's argument which should have been before us in a previous year, but it does not come within the purview of this committee under the order of reference from the House. Just let me say what I think about this now. I have been thinking about it a good deal since the timber licence investigation, because a good many thought I went too far in that instance. When Mr. Ames wanted to go into the tender, and into the first contract, objection was made, and I ruled that I thought he should be allowed to go into those questions because they might affect the amount payable, that is the amount of the item then under investigation. That was gone into, and as it went on the inquiry did broaden, but I repeatedly stated that I thought it was going further than, in my opinion, it had a right to go. But as statements had been made it was allowed to go in, in order to clear the whole thing up. If the rule is to be so broad that you can investigate

anything, no matter how far back, if you find some item here connected with it, I do not know anything this committee could not investigate, because either directly or in some way or other you will find some item in the Auditor General's Report, if it is in continuing transactions, that will affect the whole administration of the government. It seems to me that all we have to investigate here is the amount which is shown by the item now under consideration to have been paid; we have the right to go back any distance I think to show the nature of the transaction and the amount that is payable, but when you are going to consider the question whether or not this is a good lease, or whether or not it ought to have been entered into, it seems to me that is a substantive inquiry, and not something that is included in this item. Personally I would like to go into all these things for my own satisfaction. I do not think there is any desire to stifle inquiry.

Since I have been here I have given some thought to the matter and I have noticed what they are doing at Toronto, and I think we are allowing very wide latitude compared with what they are giving there. With reference to this payment of \$10 for rental, or whatever it is, we find there is a lease made three or four years ago. I think you have a right to see the application for the lease if you want it, to show whether it has any effect on the contract, but once the contract is established it seems to me that the only question before this committee is whether or not the amount payable in this year, which is now under inquiry, is the proper amount according to that contract which is the basis of the transaction.

Argument followed.

The CHAIRMAN.—The simple question in my mind is whether this committee can investigate the transactions of the government before the period now under consideration, which is the years 1905-6 and 1906-7.

Mr. NORTHROP.—It must be borne in mind that section 3 provides that the 'said lessee' shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased,' therefore I submit that we are entitled to know what the state of things was at that time.

Hon. Mr. BRODEUR.—I might say that I will not press the point, I simply thought it was due to the men who were administering the department before me that I should raise the objection, because I think it is very unfair to the ministers who were there before me and who were responsible for this transaction, they are not here, they have passed away. I am here and will not shirk any responsibility; I am prepared to answer for all my actions. However, I will not press the point.

Mr. MCCARTHY (Simcoe).—Although the rental is only \$10 per year the lessees are bound by the lease to spend at least \$100,000 in exploring, developing, equipment and improvement of the territory during the term of twenty-one years.

The CHAIRMAN.—Clause 3, to which Mr. Northrop has referred, does not affect the amount of rental paid.

Mr. NORTHROP.—I suppose we would be entitled to say, if that clause were not there at all, that that would be the law. That clause might be considered as wholly superfluous.

The CHAIRMAN.—My ruling, of course, is that this inquiry is not pertinent, is not before us.

Hon. Mr. BRODEUR.—I do not press my objection. I simply want to state to the Public Accounts Committee that I am here and ready to face any investigation which may be made into the accounts of the department under my administration. I am extremely sorry, however, that members of this committee want to go outside of that and to investigate the transactions under ministers who are dead.

The CHAIRMAN.—The objection is withdrawn.

The WITNESS.—You wish me to answer the question?

The CHAIRMAN.—Yes.

The WITNESS.—I understand that there were no specific investigations with regard to the value, but it was considered that these people in getting this lease were doing



## APPENDIX No. 1

a great deal of good to the community by opening up roads and they bound themselves to perform certain obligations in the expenditure of certain moneys.

*By Mr. Northrup:*

Q. Did they?—A. Yes.

Q. Are you sure?—A. I think so.

Q. Look at the lease and see.

*By the Chairman:*

Q. Are you speaking of what is in the lease when you say they bound themselves?—A. No, this is the obligation.

The CHAIRMAN.—Of course, if it were in the lease that would speak for itself.

*By Mr. Northrup:*

Q. All the conditions by which they are bound were expressed in the lease?—A. They are expressed in the lease, yes.

Q. What is the date of this lease to Mr. Markey?—A. Well, it is 1904, the actual date is not inserted.

Q. It is not in my copy but I thought it was perhaps in the original. Have you the original lease there?—A. I have what would have been the original. It is a carbon copy of the original. The original itself is in Mr. Markey's possession.

Q. Then the department has not the original lease?—A. This is what purports to be the original. It is a carbon copy of the lease that was typewritten, but the original itself is in Mr. Markey's possession.

*By the Chairman:*

Q. You have not the signature of Markey on your copy?—A. No.

Q. What you have is only a copy of the lease?—A. Only a copy of the lease. Perhaps I had better explain that the lease was taken over to the House of Commons in a hurry one day. Mr. Markey wanted to get it to take it away with him. It was not known whether it would be signed that day or not. Mr. Markey got the lease and took it with him to Montreal. The department, therefore, did not have a signed copy but subsequently we wrote to Mr. Markey asking for a copy of the last page of the lease including the signatures, which he sent to us. That is the explanation of why we have not the original lease with the signatures.

Q. Have you nothing, therefore, which would tell the actual date of this lease to Mr. Markey?—A. On April 19 a formal letter was sent covering the lease to Mr. Markey.

*By the Chairman:*

Q. In what year?—A. On April 19, 1904.

*By Mr. Northrup:*

Q. Have you on the file which you have produced the assignment from Mr. Markey to the British-American Corporation?—A. Yes.

Q. Give me the date, please?—A. It is dated 19th day of April, 1904.

Q. Will you please read the first clause of the preamble?—A. (reads):

'Whereas on the 19th day of April, 1904, His Majesty the King, represented by his Minister of Marine and Fisheries of Canada, did grant a lease of certain fishing rights and privileges to the party hereto of the first part, upon the terms and conditions which are more fully set out in the said lease.'

Q. So it appears that the lease was given to Markey, and an assignment of it was made by him, to the British-American Fish Corporation, on the same day?—A. That is according to the record here apparently. I mean to say that according to our letter which forwarded the lease it may have been taken the day before by him.

Q. And according to the statement in his assignment?—A. Yes.

Q. Was this lease given by the department alone, or was there an order in council authorizing it. A. I think there was an order in council authorizing it. There would necessarily be one as it was for a period of 21 years. (After referring to the papers.) Yes, there was an order in council.

Q. Bearing what date?—A. There is an order in council dated 11th April, 1904.

Q. What was the date of the original application by Mr. Markey?—A. 1st December, 1903.

Q. I have not had a chance of seeing the files, could you tell me was there any correspondence between Mr. Markey and the department between the time of his application for the lease and its being granted?—A. Apparently none. The application is very complete.

Q. And the lease was granted after the application?—A. I see that there is some correspondence. There is an acknowledgment, in the absence of the minister, of the application for a lease. That is about all the correspondence excepting a letter to Mr. Smith, who was in the company, to the following effect (reads):

‘Referring to your letters of the 11th and 12th instant, on the matter of a fishery concession in Hudson bay, I have had placed before me official reports on the question, and I shall be glad if you could call at my office and see me next Tuesday, the 26th inst., about noon.’

Q. That is a letter from your department?—A. That is a letter from the late Mr. Prefontaine.

*By the Chairman:*

Q. What Mr. Smith is that?—A. Mr. Robert C. Smith.

*By Mr. Northrup:*

Q. That was a personal letter from Mr. Prefontaine saying that he had before him some reports?—A. Yes. Those must be reports of the Commissioner of Fisheries to the minister, they are not on the file.

Q. So far as your files show there are no such reports?—A. No such reports.

Q. Would there be anything in your files or books to show that there was anything handed in?—A. There might possibly be.

Q. Are we supposed to have all the documents here now?—A. All the documents relating to the application or the lease, and subsequent operations.

Q. You did not find those reports there?—A. I do not find anything there.

Q. That letter of Mr. Prefontaine's is dated in January?—A. The 22nd of January.

Q. And the application of Mr. Markey is what date?—A. 1st of December.

Q. If you will kindly look at the lease itself to Mr. Markey and tell me what was given to Mr. Markey by that lease. In the first clause you will find it?—A. Do you want me to read it?

Q. Yes.

Hon. Mr. BRODEUR.—Why don't you put the whole lease in in evidence, that would be a better way.

The CHAIRMAN.—You had better put the whole lease in.

(Lease filed as Exhibit 1, as follows):—

## APPENDIX No. 1

This indenture made in duplicate the year one thousand nine hundred and four,  
Between:—

His Majesty the King, represented by his Minister of Marine and  
Fisheries for Canada, hereinafter called "The Minister,"

Of the First Part,

and

Fred. H. Markey, of the City of Montreal, in the Province of  
Quebec, hereinafter called "The Lessee,"

Of the Second Part,

witness that in consideration of, and subject to rents, conditions and provisos hereinafter reserved and contained, and on the part of the Lessee to be paid, observed and performed, the Minister, under the authority of the Fisheries Act, doth hereby demise and lease unto the said Lessee, the exclusive right to take fish with nets, or in any other legal manner to take and catch all kinds of fish and salt-water fish and sea-foods of any kind, in the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river from Cape Tatnam, to Owl river, extending three miles from shore; also the Hayes river and tributary waters, all in the District of Keewatin; also that portion of the Pigeon river and its tributary waters in the District of Keewatin; also the waters of Great Slave lake, in the District of Mackenzie.

Provided that the above Lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore on the distinct understanding that the right of fishing for their own use; but not for commercial purposes, is hereby reserved to the settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company;

To have and to hold until the said Lessee, subject as aforesaid, for and during the term of twenty-one years, to be computed from the 1st day of May, One Thousand Nine Hundred and Four, and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty or his successors yearly and every year during the said term, the certain rent or sum of Ten Dollars, to be paid annually in advance.

Should the said Lessee conform to all the terms and conditions of the present Lease, and should establish at the termination of the said period of twenty-one years, that he, or the Company hereinafter mentioned, has expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least One Hundred Thousand Dollars, then he shall have the option of renewing the present lease, subject to the same terms and conditions, for a further period of twenty-one years.

These presents are made and issued subject to the following provisos, terms and conditions, viz.:

1. That the said lessee shall in the use and occupation of the fishery privileges hereby leased, conform in every respect to the provisions, enactments and requirements of the Fishery Laws now, or which may hereafter be enforced, and comply with all the rules and regulations which may have been, or may from time to time be adopted or made by the Governor General in Council relative thereto:

2. That the said Lessee shall not transfer his interest in the present Lease, except to the British-American Fish Company, Limited, for which application for Letters Patent of Incorporation, has been made to the Governor General in Council of Canada, without obtaining the written consent of the Minister or that of some other person or persons authorized to grant the same.

3. That the said Lessee shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased;



4. That the said Lessee or the said Company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery leased;

5. That the said Lessee or the said Company shall, during the three years following the first day of May, One Thousand Nine Hundred and Four, expend a sum of at least One Thousand Dollars per annum, in the exploration of the territory hereby leased, and during the period of ten years from the first day of May, One Thousand Nine Hundred and Four, shall expend and lay out at least Fifty Thousand Dollars in the exploration, development, equipment and improvement of the said property leased;

6. That if the said Lessee or the said Company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisions hereinbefore mentioned, or if the said fishery is being improperly operated by the said Lessee or the said Company, and so as to prejudicially affect the public interest, the Minister may give or cause to be given three months' notice in writing to the said Lessee or the said Company, that the term of the Lease by these presents created, will be determined, ended and cancelled, and the said term, and Lease shall thereupon and thereby be determined ended and cancelled, and His Majesty may thereupon resume possession of the said fishery, and the privileges hereby created, without indemnifying the said Lessee or the said Company for any improvements that may have been done and His Majesty may thereafter, without let or hindrance from the said Lessee or the said Company, resume possession of the said fishery and the privileges hereby created, and may continue to enjoy the same, or relet them to others as His Majesty may deem fit;

7. That the said Lessee or the said Company shall be liable for any damage or loss that may accrue to His Majesty by reason of any act or neglect of the said Lessee or the said Company, in connection with the said fishery, and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith;

8. His Majesty reserves the right to grant other leases in and upon the said waters; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station, erected thereon by the said Lessee or the said Company, in said Lake, within a limit of fifty miles from any such station erected on said Lake.

In witness whereof the Minister has subscribed and set his hand and seal of office, and the Lessee has hereto set his hand and seal.

(Sd.) R. C. PREFONTAINE.

Signed, sealed and delivered  
in the presence of

(Sd.) F. GOURDEAU.

Witness, R. N. VENNING.

FRED. H. MARKEY.

*By Mr. Northrup:*

Q. 'Pigeon River' is omitted from the territory included in the lease in the copy I have, will you please have this copy corrected?—A. Yes, if you will pass it over I will correct it now.

*By the Chairman:*

Q. The lease is for twenty-one years?—A. Yes, I understand for twenty-one years.

*By Mr. Northrup:*

Q. And the rental is \$10 per year?—A. Rental \$10 per year.

Q. Can you tell me anything about the extent of the area that is covered by it. Take, for example, the waters of the Nelson river and its tributaries; from West river to the mouth, for which the exclusive right to take fish with nets or in any other legal manner is given?—A. No, I am not familiar with the country.

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Q. Is there no record in the department to show that at all?—A. I do not know that there is any record, I suppose we could have it by measuring up the maps.

Q. And is it the same way with respect to the West river, that you have nothing to show us what waters are covered from the west river to its mouth and also the estuary of the river from Cape Tatnam to Owl river?—A. Nothing except what could be taken from the map. I do not think we have any record, except that, as to what the extent of territory would be.

Q. That would apply also to the Hayes river and to the Pigeon river?—A. Yes.

Q. As to the Great Slave lake, have you any information with regard to the area of that?—A. I haven't it, but I could get it.

Q. Will you let us have a statement of the area of the various rivers and Great Slave lake, could that be handed in?—A. I suppose that could be done.

Q. How long will it take?—A. It will be pure computation as far as I am concerned. I might get some land surveyor or geographer to do it, but we have not anybody at our disposal to do it.

Mr. NORTHROP.—Never mind then.

Q. Mr. Markey is a fisherman in the Northwest, is he?—A. I understand he is not a fisherman in the Northwest.

Q. What is he engaged in?

*By the Chairman:*

Q. What sort of profession is he engaged in, do you know?—A. Mr. Markey?

Q. Yes.—A. I have always understood Mr. Markey to be a lawyer.

*By Mr. Reid (Grenville):*

Q. Do you know where he lives?—A. I believe he lives in Montreal.

*By Mr. Northrup:*

Q. Have you any statements, any actual returns giving the details and the particulars of their operations as called for by the lease?—A. Yes, there are some.

*By the Chairman:*

Q. While you are on that point, do you know who his associates are? Do you know the members of the British American Fish Corporation?—A. No, I only know what is shown in these records here.

*By Mr. Reid (Grenville):*

Q. Who signed the lease on behalf of the British American Fish Corporation?

*By Mr. Pardee:*

Q. There are some letters there from other parties than Mr. Markey?—A. There is that letter there from Mr. Smith.

The CHAIRMAN.—That is his partner, isn't it?

*By Mr. Reid (Grenville):*

Q. Is it John Smith?—A. Robert C. Smith.

Q. Does that state who his partner is?—A. No, the assignment is signed by Fred. H. Markey, president, and Geo. H. Montgomery, secretary of the British American Fish Corporation, Limited, and Waldo W. Skinner.

The CHAIRMAN.—Mr. Skinner is the witness to the execution of the document?—A. Yes.

*By Mr. Northrup:*

Q. Do you know who Mr. Montgomery is?—A. No.

Q. Is he a partner of Mr. Markey?—A. I could not say.

*By the Chairman:*

Q. Do you know of Mr. C. E. Fleming, of Windsor, being connected with it, or Michael D. of Detroit?—A. I do not know anything about it further than this.

*By Mr. Northrup:*

Q. What statements have they made under the clause in the lease requiring them to give annual returns? They began, I suppose, in 1905 and there will be 1906 and 1907?—A. They began in 1906, you see there are only two years concluded. We called upon them for that and this is the reply (producing file.)

*By Mr. Pardee:*

Q. You have a letter there signed by Mr. O. E. Fleming, of Windsor?—A. Yes.

(Witness examines file.)

Mr. Pardee.—Mr. Chairman, I think the proper course would be to adjourn this examination until Mr. Northrup and other members of the committee have had an opportunity of going over the file, so that we can examine this witness intelligently. It will, I think, effect a saving of time if we adopt that course, and I will move in that direction.

Motion agreed to, and examination postponed until Tuesday, April 14th.

Committee adjourned.

HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
TUESDAY, April 14, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the consideration of a payment of \$10 by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin and Great Slave lake in Mackenzie district to May 1, 1908; also payment of \$10 by Arch. McNee, Windsor, Ont., annual rental for lease of James Bay for 1907; also payment of \$100 by Merritt and Coffey, Winnipegosis, annual rental for lease, Cedar, Moose, Cormorant and Atikamag lakes to April 1, 1908, as set out at page P—198 Auditor General's Report for the period ended March 31, 1907.

The examination of Mr. R. N. Venning, Assistant Commissioner of Fisheries, resumed.

*By Mr. Northrup:*

Q. Have you brought with you the original leases to Markey, McNee, and Merritt and Coffey?—A. Yes, but with regard to the Markey lease I think Mr. Markey himself has probably got the original lease. As I explained the last time I was here there was something about the unsigned copy that we got, purporting to be a copy of the original, of the lease which was taken from Ottawa by Mr. Markey. I find that we have not the original here but a copy of the original.

Q. There is a copy of Mr. Markey's lease produced here?—A. Yes, I have the original of that copy.

Q. That is the original?—A. Of which the lease produced is a copy.

Q. Then were there two leases to Mr. Markey?—A. No, there were two draft leases.



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Q. Do you mean two different leases?—A. Well drafted at different times. There were some changes I believe between the two but Mr. Markey himself has the original lease as finally signed.

Q. Then are you prepared to say whether or not the copy brought down by your department is a true copy of the lease executed or not?—A. Well, I explained when I was here the last time that the department really did not have an actual copy of the lease which Mr. Markey took with him. As far as our records showed we had a copy purporting to be such but I find it does not seem to have been such a copy. As a matter of fact the names are in pencil and the date is left out.

Q. So then it seems that the department has not any original, or copy of the original lease to Markey on which you can depend, that is a fact is it not?—A. Yes, it must be so under those circumstances.

Q. That is as to the Markey lease. Then as to the McNee?—A. We have the McNee lease (producing file).

Q. Have you the original McNee lease there?—A. Yes, I have.

Q. What is the date?—A. November 13.

*By Mr. Pardee :*

Q. What year?—A. 1902.

*By Mr. Northrup :*

Q. Was that the only lease granted in that year by the department to McNee?—A. The only lease that I know of.

Q. I find on the file brought down a document purporting to be a copy of the lease dated March 13, 1902?—A. There is a copy, a draft copy of a lease here, which was never executed, bearing that date.

Q. You have a copy there which was never executed?—A. An original draft apparently.

Q. See if you have a letter on the file, dated October 22, 1902, written by Archibald McNee to the Hon. James Sutherland, Minister of Marine and Fisheries?—A. Yes, there is such a letter here.

Q. Does that letter start off in this way (reads): 'Adverting to my interview with you to-day relative to the fishing lease dated the 13th day of March, 1902, in James Bay, granted by your department to me, I have since had a conversation with your deputy and now beg to put my request in the matter in formal shape?' Then the writer goes on to give reasons why the lease should be for 21 years instead of 7?—A. That is the purport of this letter.

Q. Now have you the original applications for a lease put in by Mr. McNee dated 10th of January, 1902?—A. Yes.

Q. Just tell me for how many years lease he applied?—A. A 9 years' lease I see.

Q. Then having applied for a 9 years' lease if you look at the letter from McNee to Sutherland you will find that he states 'The term of the lease at present, namely, 7 years would be pretty nearly, if not quite, exhausted in getting in shape to operate'?—A. Yes, that is in this letter.

Q. Then if you look towards the close of McNee's letter you will find he refers, or rather there are objections that he makes: 'I refer first to the second clause which prohibits the transfer of any interest, &c., and second, to clause 5 which places the arbitrary power in the hands of the minister for the time being to terminate the lease at any time he may deem it in the interest of the fishery and without compensation. Do you find that clause?—A. Yes.

Q. That is stated in his letter is it not?—A. It is.

Q. Will you please look at the original copy of the lease you have there of March 13 and see if that does agree, see if your copy bears out those statements contained in McNee's letter to Mr. Sutherland?—A. The copy says that it was originally intended to be 7 years. There is a change to be made in the new lease, or whatever it was, to make it 21 years. There was an order in council authorizing 21 years.

Q. And were the other clauses stricken out, the clauses of which he complains

preventing him from assigning any interest and enabling the minister to put an end to his lease at any time without compensation? Are those clauses omitted from the second lease?—A. I will have to examine both.

Q. See if they are not in the second lease?

*By Hon. Mr. Brodeur:*

Q. Was that lease of the 13th March executed?—A. No, it was not executed; there is nothing on file here to show it was executed except that letter, but it was sent back for revision apparently. I suppose it really formed a draft.

*By Mr. Northrup:*

Q. Here I find Mr. McNee stating that he had a certain lease and now you say there was not such a lease?—A. Well it culminated in another lease apparently.

Q. One at a time. As to this first lease are you prepared to say for a certainty now that the first lease which he says he had, never really existed?—A. I don't know that I could make a satisfactory answer to that. I can only say what I find on the file. I find on the file that there was apparently an original draft which may have been—

*By Mr. Pardee:*

Q. That draft was never executed?—A. Which may have been signed but apparently when it went to the other party it was not executed by him. Apparently not because there is correspondence here which culminates in a further lease which is somewhat changed from the original one.

*By Mr. Northrup:*

Q. If there is correspondence there then the whole return has not been brought down?—A. This letter from Mr. McNee which you have referred to is the only one.

Q. Let us understand where we are. What I want to know is whether the draft lease of the 13th March which you have there agrees with the statements made by McNee in his letter to Sutherland of 22nd October which I read a moment ago? First as to the 7 years, you said it does?—A. Yes.

Q. Then as to the clause which prohibited the transfer of his interest?—A. It does.

Q. And thirdly as to clause 5 which allowed the minister to terminate the lease without compensation at any time?—A. Yes.

Q. That was the statement as to those three points made by Mr. McNee in his letter of October 22nd?—A. Yes, they are borne out by the copy put in.

*By Hon. Mr. Brodeur:*

Q. We find Mr. McNee referring in his letter to the lease of the 13th of March, 1902, 'in James Bay, granted by your department to me.' Are you prepared to say he was wrong in that reference and that the lease was not granted to him?—A. I am not prepared to say anything further than the papers actually prove.

Q. You are not prepared to say anything further, only that you find that draft and nothing more?—A. I find this draft and nothing more.

Q. On the strength of that you are not prepared to contradict Mr. McNee who says in that letter that he had the lease?—A. No, it was a lease or not a lease, as I understand it, according to whether it was executed or not.

Q. Are you prepared to say the lease was not executed?—A. No, sir, I am not.

Mr. CARVELL.—If it had not been executed it would not be a lease.

*By Mr. Northrup:*

Q. You found in the case of the Markey lease that there was no lease on the file?—A. Apparently not.

Q. And there is no doubt that Mr. Markey's lease was executed by the depart-

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ment, there is no doubt about that?—A. I want to qualify my statement—there is something which purports to be a copy of the Markey lease.

Q. I am not talking about a copy of the lease, but the original lease?—A. Not of the original lease.

Q. You have only what purports to be a copy of the original Markey lease?—A. That is all.

Q. And you have a copy of what purports to be the McNee lease?—A. Of what purports to be a draft; there are no signatures to it.

Q. Were there any signatures to the copy of the Prefontaine lease to Markey that you found on your file?—A. No, they are pencilled in, but I found afterwards, I secured from Mr. Markey, a typewritten copy of the last page containing the signatures.

Q. But that was subsequently?—A. Yes.

Q. But so far as the file was concerned, you are in this position that both the Markey and the McNee leases were wanting, originally, on your files?—A. I do not think I can answer that question except in this way—so far as the McNee lease is concerned I have here an actually signed copy of it on the file.

*By the Hon. Mr. Brodeur:*

Q. Not the McNee, but the Markey lease?—A. I have a copy of the only lease that I know is in existence to Mr. McNee, I have a signed copy of it.

*By the Chairman:*

Q. Have you the original lease to Mr. McNee dated the 13th of November, 1902?—A. I have the only lease that I know of in existence.

*By Mr. Northrup:*

Q. That is the lease in November?—A. The lease of the 13th of November, 1902.

Q. Here is a copy on the file brought down by the department, an alleged copy of a lease made on the 13th of March, 1902, where is the original from which that is made? Do you see it, that purports to be a copy, of a lease dated the 13th of March, 1902?—A. That purports to be a copy of what I regard as a draft, which is on the file: it must be, if the typewriting is correct, which it probably is.

*By the Hon. Mr. Brodeur:*

Q. Is this one of the 13th of March a draft?—A. This one of the 13th of March is a draft.

*By Mr. Northrup:*

Q. I will read my copy and you can check it with the original that you have (reads):

DOMINION OF CANADA,  
DEPARTMENT OF MARINE AND FISHERIES.

## LEASE OF FISHERY IN JAMES BAY.

This indenture made in duplicate the thirteenth day of March, in the year of our Lord one thousand nine hundred and two, between His Majesty the King, represented by his Minister of Marine and Fisheries for Canada (hereinafter called the Minister) of the first part, and Archibald McNee, of Windsor, Ontario, (hereinafter called the lessee), of the second part.

WITNESSETH : That in consideration of and subject to the rents, covenants, conditions and provisos, hereinafter reserved and contained, and on the part of the lessee to be paid, observed and performed; the Minister, under the authority of the Fisheries Act, doth hereby demise and lease unto the said lessee:—



The Fishery in the southern end of James Bay, an arm of Hudson Bay, comprised within the following limits, that is to say:—

Commencing at North Bluff or Point, at the southern end of James Bay; thence over the mouth of Moose River, and along to Buoy Bluff, at the north westwardly point of Hannell Bay, at low water line; thence south eastwardly into and around Hannell and Reper Bays, following the shore line; thence northwardly along the shore to the northern point of Moor's Bay, opposite the Island known as Solomon's Temple. The privilege throughout, as above described to extend as far seaward as three miles from the general shore line, and from low water line on tidal waters shoreward and in the tidal waters of all rivers, with the privilege of fishing nets, lines and hooks within the area herein described;

Provided that the above lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore on the distinct understanding that the right of fishing for their own use but not for commercial purposes, is hereby reserved to all settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company.

To have and to hold unto the said lessees subject and aforesaid for and during the term of twenty-one years to be computed from the first day of April, one thousand nine hundred and two—'

A. Well, when these things were copied, going into the hands of the copyists they copied these as they found them, I suppose, altered. Now you see this was seven years, and whoever went over this draft to prepare it for the lease which eventually was signed, they made the changes in the draft which were supposed to be made eventually in the lease which was signed. This never ought to have been on the file as a matter of fact. This could not have been purported to have been a copy of the original, because this 'twenty-one' should have been 'seven' if it was a copy, clearly it was only a draft.

*By Mr. Carvell:*

Q. You had better follow it out.—A. In answer I do not want to be understood as stating that there were anything like two leases, because I cannot conceive that there were two leases. I only know one lease. I can certainly say that there are not two leases.

*By Mr. Northrup:*

Q. You say that in spite of the fact that Mr. McNee wrote that there were two leases?—A. Supposing we send a draft lease to a person to complete, and he says that does not suit him, and another lease is submitted, in which changes are made, that does not constitute a lease.

Q. He could say it did not suit him, but he did not. He wrote referring to the lease as having been granted.

Mr. CARVELL.—The very sending of that document to him might be construed by Mr. McNee as proof that the lease had been granted, but it is not a lease until executed by both parties.

Mr. NORTHROP.—Excuse me, there is not one lease out of 100 executed by both parties. It is perfectly good if signed by the lessor.

*By Hon. Mr. Brodeur:*

Q. With regard to the twenty-one years will you explain how it looks on the document which you have before you now?—A. On the original draft it was for seven years.

Q. And the word 'seven' has been struck out?—A. The word 'seven' has been struck out and the words 'twenty-one' inserted.

Q. That has been put in in writing instead of the word 'seven'?—A. Yes, on the draft.

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Q. The original word 'seven' was in typewriting?—A. Yes, the original was typewritten.

*By Mr. Northrup:*

Q. The twenty-one year lease was computed from the first of April, 1902?—A. Yes.

Q. While the original lease of the 13th of March was computed from the first of January—this lease of the 13th of November is from the first of April, does that agree with your draft?—A. Yes.

Q. (reads)

'and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty, or his successors yearly and every year during the said term, the certain rent, or sum of ten dollars, to be paid annually in advance.

These Presents are made and issued subject to the following provisos, terms and conditions, viz:

1st. That the said lessee shall in the use and occupation of the fishery privileges hereby leased conform in every respect to the provisions, enactments and requirements of the fishery laws now, or which may hereafter be in force, and comply with all the rules and regulations that have been or from time to time may be adopted or made by the Governor General in Council relative thereto.

2nd. That the said lessee shall not transfer any interest in the present grant, nor sublet to anyone, without first notifying the minister and receiving his written consent or that of some other person or persons authorized to grant same;'

Is that in your lease?—A. Yes, that is here with the word 'stand' in the margin.

*By Hon. Mr. Brodeur:*

Q. There is a note in the margin in pencil, 'stand, letter to be sent'?—A. Yes.

*By Mr. Northrup:*

Q. (reads)

'3rd. That the said lessee shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fisheries by these presents leased;'

'4th. That the said lessee shall annually make a return of full details and particulars to the Department of Marine and Fisheries of the operations carried on in every branch of the fishery hereby leased;

'5th. That if the said lessee shall neglect or fail to pay the rent hereinbefore reserved and stipulated for or any part thereof or shall neglect or fail to perform any of the other conditions or if the said fishery is being improperly operated by the lessee and so as to prejudicially affect the public interest'—

Now that was not in the original lease, that was not in the original draft?

*By Hon. Mr. Brodeur:*

Q. Now please explain that?—A. I say that was not in the original draft of—

*By Mr. Northrup:*

Q. Of March?—A. Of March.

*By Hon. Mr. Brodeur:*

Q. What was not in the original draft?—A. All of this was not. For instance the words after 'conditions.'

Q. Let us be more careful. Now take the words in the copy brought down, after 'the other conditions.' What is that?—A. In the original draft after the word 'conditions' these words have been struck out 'terms and provisos, hereinbefore mentioned.'

*By Mr. Pardee :*

Q. From the word 'conditions' to the word 'fishery' in the fifth clause everything is struck out and the following is inserted instead (reads): 'Or if the said fishery is being improperly operated by the lessee and so as to prejudicially affect the public interest'? What I have quoted has been added to the clause in lieu of what has been struck out?—A. That is right.

Q. Now go on reading?—A. (reads): 'the minister may give, or cause to be given six months' notice in writing to the said lessee'—

Q. Wait. The clause says 'the minister may give, or cause to be given, notice.' There was no term mentioned at first but the words 'six months' have been pencilled in the margin in red?—A. Yes.

Q. Now go ahead?—A. (reading): 'that the term of the lease by these presents created will be'— There a change has been made from 'has been' to 'will be.' (continues reading): 'Will be determined and cancelled, and the said term and lease shall thereupon and thereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created, without indemnifying the said lessee for any improvements he may have made, and His Majesty may thereafter, without let or hindrance from the said lessee, resume possession of the said fishery and the privileges by these presents created and may continue to enjoy the same, or re-let them to others, as His Majesty may deem fit ;

'6th. That the said lessee shall be liable for any damage or loss that may accrue to His Majesty by reason of any act, or neglect of the said lessee in connection with the said fishery, and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith.

In witness whereof the minister hath subscribed and set his hand and seal of office and the lessee has hereto set his hand and seal.

Signed, sealed and delivered  
in the presence of.

Witness ,

*By Mr. Northrup :*

Q. What you have given me is not a copy of your draft as it originally existed ?  
Mr. PARDEE.—Yes.

A. The original is—

*By Mr. Northrup :*

Q. There is a document before you which is supposed to be the original draft?—  
A. Yes.

Q. The copy contained in the file laid before the committee is not a copy of that draft as it originally stood?—A. It is.

Q. The copy of the lease brought down to us is not a copy of the draft of the lease of March 13 as it originally stood?—A. It is not, but I think that is susceptible—

Q. Wait a moment you can explain later.

HON. MR. BRODEUR.—It is only fair to the witness to allow him to explain.

THE WITNESS.—The copy you hold in your hand is not absolutely a correct copy of the original of the draft lease. That is what I find. I also find that the typewriter who had the copying in hand simply made the changes which were made in that original draft and incorporated them in his copy which probably should not have been done as it represented the corrected original draft. Still this is a draft of the lease which culminated in the lease which I have here signed by Mr. McNee and dated November 13.

Q. Just one other word. Will you tell me when these changes were made in this draft, striking out some words and adding others?—A. That would be very difficult for me to do, sir. I will see if I can find any key by which that information can be got. (After examining the file) There does not appear to be anything showing when



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these alterations were made but it was evidently after the receipt of this letter. It is impossible for me to say.

Q. It was evidently after the receipt of McNee's letter of October 22nd?—A. Yes.

Q. So far as you can see there is no evidence to show when these changes were made but it was evidently after the receipt of McNee's letter of October 22nd?—A. Yes.

Q. Did McNee's letter of October 22nd correspond with that original draft of the lease before the changes were made?—A. Just ask me that question again please?

Q. Was McNee's letter of the 22nd October, 1902, in accordance with that original draft as it stood before these changes were made?—A. As I understand it this letter purports or desires to change the conditions.

Q. The letter of McNee of 22nd October stated that there were certain clauses in the lease which he had received to which he objected. Does it not say that?—A. Yes.

Q. Does what you have before you bear out McNee's statement, taking the draft as it was before the changes to which you have just referred were made?—A. Do you mean the original draft before it was changed or as you hold it in your hands?

Q. No, I have no original. I mean the original draft before it was changed?—A. Does it carry out?

Q. The statement made by McNee?—A. I will have to read them both carefully before I can undertake to say so.

Q. You have done it before?—A. I want to read the letter.

Q. Take the letter, you will see it complains that the lease was only for 7 years?

Hon. Mr. BRODEUR.—Do you not think it would be better to say draft lease instead of the lease?

Mr. NORTHRUP.—I am using Mr. McNee's statement.

The CHAIRMAN.—Call it the first draft.

Mr. NORTHRUP.—I decline to call it draft because I consider that McNee knew what he was doing.

The WITNESS.—Am I supposed to corroborate the statement of Mr. McNee that it is a lease?

*By Mr. Northrup:*

Q. You are not supposed to do that at all. What you are supposed to do is this: I am asking you to look at McNee's letter in which he states that the lease which he received was for 7 years. Is there such a statement in McNee's letter?—A. I think we found that out before.

Q. You did say there was?—A. Yes.

Q. Now look at the original draft and see if the period was originally 7 years?—A. It was originally 7 years.

Q. Then look at the other clause prohibiting him from transferring his interest?—A. Without permission of the Minister?

Q. That is correct?—A. Yes.

Q. See if there is clause 5 there which places the arbitrary power in the hands of the Minister to terminate the lease at any time without compensation? See if that is in McNee's letter and also in the original draft?—A. I don't think it is conveyed in that language?

Q. (reads): 'clause 5 which places the arbitrary power in the hands of the Minister for the time being to terminate the lease at any time in the interest of the fishery and without compensation'?—A. Yes, it is there.

Q. Now look in the original draft and see if that statement is borne out?—A. Well the draft gave the Minister power to terminate the lease.

Q. Exactly that is what he complained of. This statement is borne out by the original draft?—A. By the original draft, yes.

Q. Now then, in consequence of this letter of October 22nd, what was done by the department?—A. Well, I suppose it was in consequence of that. I find that after

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the letter of 22nd of October a lease is entered into between the two parties on the 13th of November.

Q. And there was an order in council obtained to authorize that?—A. An order in council was obtained.

Q. On the 11th of November?—A. On the 11th of November.

*By Mr. Ames:*

Q. Did that supersede the previous lease?—A. There wasn't any previous lease.

Hon. Mr. BRODEUR.—There is no evidence that there was any former lease, there is just a draft of a lease, that is all the evidence shows so far.—A. Am I on record as saying there were two leases? Because I never intended saying so, and I do not know now that there were two leases.

*By Mr. Northrup:*

Q. I think you are on record as saying that you cannot find any record on the files of the original lease that McNee refers to in his letter of October 22nd?—A. I find a draft.

Q. Exactly, and you are also on record as saying that you could not find any original lease to Markey on your file?—A. I do not want to be represented as stating that there were two leases when I know there were not two leases.

Q. Now then, on your oath, how do you know there were not two leases in the face of Mr. McNee's statement that there were?—A. If there were two leases, one of seven years and the other of twenty-one years, overlapping each other, both leases would now be in existence. As a matter of fact, as an officer of the Department, I am certain there is no lease except the one for twenty-one years with Mr. McNee.

Q. I suppose if the lease for 21 years was for the same privilege that would supersede the similar one for seven years?—A. This is the lease, and the only lease which we know of, as far as everything shows, that there is in existence with Mr. McNee.

Q. Now in this lease of November, 1902, for 21 years at what date does it fix the term to begin? Your lease of November begins the term I believe on the first of January?—A. In the first clause it says the 13th of November.

THE CHAIRMAN.—In the clause 'To have and to hold' you will find it.

*By Mr. Northrup:*

Q. When does it fix the term to begin, you will find it in the 5th clause?—A. (reads) 'For and during the term of twenty-one years, to be computed from the first of January, one thousand nine hundred and three.'

Q. Have you any record there to show what inquiries were made by the department before giving the concession?—A. No.

Q. You have no records at all?—A. I have no records.

Q. In the Markey lease have you any records to show?—A. No.

Q. Well now, I wish you to look in the correspondence leading to the Markey lease, and you will find a letter of Hon. Mr. Prefontaine on 22nd of January, 1904—do you find a letter of that date there addressed to Robert C. Smith, Esq., K. C., Montreal?—A. Yes, there is such a letter.

Q. Just read it please?—A. (reads)

'22nd January, 1904.

DEAR MR. SMITH.—Referring to your letters of the 11th and 12th instant, on the matter of a Fishery Concession in Hudson Bay, I have had placed before me official reports on the question, and I shall be glad if you could call at my office and see me next Tuesday, the 26th instant, about noon.

Yours faithfully,

R. PREFONTAINE.'

Q. Where are those reports?—A. I do not know of any reports, there are none here.

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Q. They are not on the files? Is there anything on your file that would show the value of the fishery concession in these waters referred to?—A. I think not.

Q. Would it be possible for those reports to have gone in without any record at all being kept in your department?—A. Quite possible, the minister very frequently gets memoranda from his officers.

Q. Private memoranda for use between him and his friends but not for the public?—A. Sometimes there are confidential reports and conversations and sometimes those conversations are reduced to writing.

Q. Would you say it is the practice in your department for the minister to obtain confidential reports from the officers that do not go on the file?—A. Well, very frequently memoranda may be made on a case which do not get on the file.

*By Mr. Johnston:*

Q. Do you reduce to writing every conversation you have with your minister?—A. No.

Q. You are not in the habit of reducing to writing every word you have with the minister?—A. Not at all.

*By Mr. Northrup:*

Q. Is it the custom of your department to obtain 'official reports' by word of mouth?—A. No, it is not, but he or the department might refer the matter to the outside inspectors to get official reports from them, but there are no such reports here.

Q. How would you explain this statement of Mr. Prefontaine if he had no reports?—A. It is impossible for me to explain it.

Q. The 'Mr. Smith' he addressed the letter to was the gentleman who made the application, was he not, or his firm made the application which resulted in the granting of the Markey lease, that is a fact, is it not? I find a letter from them here.—A. Yes, there is a letter from Mr. Smith here.

Q. It was his firm made the application; on whose behalf do they claim to make it?—In the first sentence of the letter, in the opening sentence I think you will find it.—A. Here is a letter dated December 12, 1903: 'I forwarded you an application for a concession of fishing rights in James bay, and presume you received it in Ottawa. There is a certain amount of urgency in the matter, and I would be very glad if you would take it up with as little delay as possible.'

Q. What is the date of that, please?—A. The 12th December, 1903.

THE CHAIRMAN.—Is it the 12th or the 1st?—A. The 12th December, but there is a letter on the 1st December signed by the firm.

*By Mr. Northrup:*

Q. Yes, that I think is the opening of the correspondence that led to the Markey lease, is it not?—A. As far as I know it is.

Q. Then read the first sentence in that letter of December 1st?—A. (reads):

'On behalf of clients who propose forming themselves into a joint stock company for the purpose of exploiting the enterprise, we are requested to apply to you to grant them certain fishing concessions in the Northwest Territories.'

Q. So that the application was made on behalf of certain clients. Is there anything in evidence on the files of the department to show if there were any inquiries made as to who those clients were?—A. I can find nothing here.

Q. So that the application was sent in. Will you please look at the application and see what it applied for—tell me what was applied for and what was granted. I think if you look at the end—and see if the Greater Slave lake is mentioned there?—A. (reading): 'In and upon James bay—'

Q. See if in the application you can find any reference to the Greater Slave lake?—A. To the Greater Slave lake?



Q. Yes, it will be in the description at the beginning?—A. Yes, but I do not like to answer the question until I am very sure about it—(After reading letter)—I do not see anything here about Great Slave lake.

Q. In the application the Greater Slave lake is not mentioned. Now tell me where, in the files of your department, the Greater Slave lake first appears in connection with this lease. I won't be sure, but I think you will find the order in council has the first reference to it?—A. I am just going through the papers. Of course I daresay there was a good deal of conversation with regard to the application.

Q. We cannot assume anything, we will have to go on something substantial. Where is the first reference to Greater Slave lake that you find?—A. I find the first reference is in the order in council of April 11.

Q. That, I believe, follows the application sent in by Messrs. Smith, Markey and Montgomery, except that Great Slave lake is added?—A. I would have to compare that.

MR. MARKEY.—Put it that way, all the waters are changed, every one.

*By Mr. Northrup :*

Q. I am asking to find out?—A. Well it is a matter of comparison.

Q. I would like to have it if you can tell me, was the grant asked for?—A. Well I can read the two descriptions.

*By Mr. Pardee :*

Q. Read the two descriptions the first and then the second, and see if they correspond with what was granted?—A. Apparently the same language was not followed.

*By Mr. Carvell :*

Q. Tell us what language was followed?—A. All right. The application——

*By the Chairman :*

Q. What are you reading from?—A. The application of the 1st December reads (reads) :

'In and upon James bay, from North Point on the west shore to Point Ekwan on the northwest shore, extending seaward for three miles from the general shore line and extending up the streams flowing into the said James bay, between the points aforesaid, also up the Albany river to the head waters of Maynard lake to the Wabigoon river, including the lakes and rivers connecting Maynard lake and Albany river, also in and upon the Nelson up to the headwaters of West river in the Northwest Territories, forming the boundary of the Saskatchewan and Keewatin Territories, and all tributaries and waters flowing into the Nelson river that lie North of the 54th parallel of latitude to and including the mouth of the Nelson river on the Hudson bay, and from Owl river on the south shore extending eastward to Cape Tatnam Point and for a distance of three miles out into the Hudson bay.'

*By Mr. Carvell :*

Q. That is the application?—A. That is the application.

Q. Now let us have the order in council?—A. The order in council is dated April 11, 1904 and the description reads as follows:

'The waters of the Nelson River and its tributaries, from West River to its mouth; also the estuary of the Nelson River, from Cape Tatnam westward to Owl River, extending three miles from shore; also the Hayes and Pigeon Rivers, and tributary waters in the district of Saskatchewan; also the waters of Great Slave lake in the District of Mackenzie, reservation being made in the said lease of the right of His Majesty to grant other leases in and upon said waters, under such restrictions as shall be made by the Minister of Marine and Fisheries; provision is also to be made in the lease that the privileges conveyed are not to infringe the rights of the Hudson's

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Bay Company, and to maintain to Indians, Esquimaux and other native tribes, as well as to white settlers, the right of fishery for domestic purposes.'

*By Mr. Pardee:*

Q. That is the order in council?—A. That is the order in council.

Q. Is that what these parties got?—A. This purports to be the same thing.

Q. Does the lease follow the order in council?—A. I will have to read it.

Q. Well read it then?—A. I think myself it does.

Q. What does your copy purport to say?—A. I will read from the lease if somebody else will follow the order in council (reads):

'In the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river from Cape Tatnam'—

Mr. MARKEY.—The order in council says 'from Cape Tatnam westward to Owl river'?

The WITNESS.—That does not appear here. It says 'from Cape Tatnam to Owl river, extending three miles from shore; also the Hayes river'—

Mr. MARKEY.—In the order in council it is 'also the Hayes and Pigeon Rivers'?

The WITNESS.—(continues reading): 'and tributary waters, all in the District of Keewatin; also that portion of the Pigeon river and its tributary waters in the District of Keewatin; also the waters of Great Slave lake, in the District of MacKenzie.'

Mr. MARKEY.—The two documents are the same with the exception of some slight changes in the wording.

*By Mr. Carvell:*

Q. Then further on you have a provision providing for the Esquimaux, the Indians and the white settlers?—A. For all the other conditions.

*By Mr. Northrup:*

Q. Be good enough to read clause 8 of the lease which confers the right to grant other leases?—A. (reads):

'His Majesty reserves the right to grant other leases in and upon the said waters; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station, erected thereon by the said lessee or the said company, or in said lake, within a limit of fifty miles from any such station erected on the said lake.'

Q. So the Crown had the right to grant other leases but could not grant a lease to fish within ten miles of any fishing or refrigerating station on the rivers or in the lake within 50 miles of any such station?—A. Established by that company I take it.

Q. You cannot find from your files anything that will explain the addition of Great Slave lake?—A. No, I cannot unless it appears amongst the papers which I have.

Q. Have you any personal knowledge as to how that addition came to be made?—A. The only place I find it, is in the order in council.

*By Hon. Mr. Brodeur:*

Q. The Albany river was applied for was it not?—A. The Albany river, yes. That was in the original application, I think, as I read it. (After referring to file) Yes, the Albany river is there.

Q. Great Slave Lake has been substituted in the order in council for the Albany river and the Albany river does not appear there?—A. No, the Albany river does not seem to appear there. It talks of the Nelson, Pigeon, Hayes and Owl rivers.

*By Mr. Northrup:*

Q. Would that order in council have been prepared in your department?—A. The report upon which it was based would be prepared in my department.

Q. Is there any memorandum containing the instructions given for the preparation of that order in council or showing how it came to be worded in that way?—A. I don't see any.

*By Hon. Mr. Brodeur:*

Q. Who prepared that report to council, was it you?—A. No, sir, I don't think so. I was not doing the executive work of the office in 1902.

*By Mr. Northrup:*

Q. Who was doing it then?—A. Professor Prince.

Q. Have you any personal knowledge as to the size of Great Slave lake?—A. No, I have not any personal knowledge.

Q. It is very large is it not?—A. It is a very large lake.

Q. Are you aware it has an area of 10 or 11 thousand square miles?—A. I have never looked it up. You can get Lovell's Gazeteer from the Library and it will give you the full measurements of the lake. I know it is a very large lake.

Q. I would like you to find out the size of Great Slave lake so that it can go into the evidence?—A. I can find it out.

Q. It is 10 or 11 thousand square miles I think?—A. I cannot say what it is, but I will look it up and let you know.

Q. Now both of these leases we have been talking about, to Markey and McNee, require an annual return to be made to the department, don't they?—A. Not the McNee lease, I understand.

Q. I beg pardon?—A. Not the McNee lease, I understand.

Q. But the Markey lease does, doesn't it?—A. The Markey lease does.

Q. Have the returns been made to your department in pursuance of that clause?—A. I think so.

Q. The clause is, 'That the said lessee or the said company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.' What return was made for the year 1905, that would be the first year, I suppose?—A. In April, 1905, on the 18th of April, I have a return.

Q. Is it a full and complete return will that show the amount that has been expended in their operations, and on what it has been expended?—A. It says here that the expenditure in connection with the exploration of the Nelson river was \$850. And that

'During the past winter this company has constructed and acquired fishing stations, buildings, equipment and outfits placed upon the Nelson river entailing an expenditure of \$24,000, we are not able to report at this early date what the result of the operation of this equipment has been during the past winter, as complete reports have not reached us since the opening of navigation.

The company also sent out an exploration party of three men up the Pigeon river and part of its tributaries during last summer, who during two months explored waters entailing an expenditure of \$420. Some sturgeon were found therein, but we are unable yet to report whether in sufficient quantities as to promise successful commercial operations.

Yours truly,

BRITISH AMERICAN FISH CORPORATION.

(Sgd.) O. E. Fleming, Treasurer.

Q. Then the return for the first year did not give any idea as to the amount of fish caught? But informs you that the company spent \$24,000 in acquiring and building stations, etc., and \$850 for exploring the Nelson river and \$420 in explor-



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ing the Pigeon river; that is the sum total mentioned?—A. That is the first year, yes.

Q. Were there any details given as to where these stations were, any of the stations?—A. Not in this report.

Q. This was in the year 1905, was there any report put in for the year 1906?—A. In January 1907, I have a report here dated January 29th, which is of course for the year 1906. (reads)

Windsor, Ont., Jan. 29, 1907.

The Hon. the Minister of Marine and Fisheries,  
Ottawa, Ont.

DEAR SIR,—Referring to your communication of the 11th instant in reference to the lease granted by the Minister of Marine and Fisheries to Mr. F. H. Markey of Montreal and transferred by him to this company, we are now in a position to give you the necessary information for parliament, as covered by the motion, as follows:—

- (a) The number of tug boats and men employed.
- (b) The quantity and value of nets used.
- (c) The number and value of fish taken.
- (d) The quantity of fish exported under each of said leases during the last period of twelve months for which figures are available.'

Q. Excuse me, 'under each of said leases' I do not quite understand what that means?

Mr. MARKEY.—This was a motion made on the floor of the House, and this is in reply to the question.

Mr. NORTHRUP.—This is alluding to various leases, is that it?

Mr. MARKEY.—This was to enable the minister to answer questions on the floor of the House.

By Mr. Northrup :

Q. I thought it a funny thing when it said, 'under each of said leases?—A. Yes, this narrative was prepared under an inquiry for information in the House. (continues reading) :

'We are sending you enclosed inventory of the boats, nets and other equipment placed upon the Nelson river and remaining in 1905. Some of this equipment was replaced and added to during the year 1906, but we are not in a position at the present time to give you a complete inventory inasmuch as one has not been made at the end of the season 1906.'

The number of men constantly employed were fifty, but additional help was obtained from time to time in the locality, and employment given to settlers and any others desiring to fish, the catch of which would be purchased by the company.

The catch for the season 1905 was 60,000 pounds of sturgeon of the value of 10 cents per pound, 45,000 pounds of whitefish of the value of 6 cents per pound, and 3,000 pounds of caviare of the value of 80 cents per pound.

We regret that we are not in a position to supply you with the operations for the year 1906, as this will only be available when the catch is brought down, upon the opening of navigation.

Yours truly,

THE BRITISH AMERICAN FISH CORPORATION LIMITED,

O. E. Fleming, Treasurer.'

By Hon. Mr. Brodeur :

Q. Give me the details of these schedules, please?—A. I do not know that it gives the money value.

Q. What would be included in Schedule A. how many tugs were employed?—A. The number of tugs and men employed—well there is the tug *Cygnus* (Steam), the tug *Eagle* (Gas), the tug *Falcon* (Steam), three York boats, four boats, 24 feet for

freighting sturgeon, 5 skiffs new, 1 skiff second-hand, 20 feet, good order; one pound net boat, one sail boat (*Pterodactyl*).

Q. Did you give the value of those things?—A. No sir.

*By Mr. Northrup:*

Q. Then the only report you had as to the fish brought out is for the fish for 1905, apparently?—A. That is so far.

Q. Even up to this date in the year 1908 you have no report showing the fish caught in the year 1906, is that a fact?—A. Well, I will just see, sir.

Mr. MARKEY.—No.

Q. Has the department taken any steps to cancel the lease for violation of this clause?—A. None that I know of.

Mr. MARKEY.—A report was made in 1907.

*By Mr. Northrup:*

Q. Yes, but that is for 1905?—A. I have a report here dated April 12, 1907—You asked me whether I had any report for 1906, and I was forced to answer the question while still looking at the papers. I find I have here a letter of April 12, 1907, I will read it if you like.

Q. Read it if it gives the information that we are after?—A. It gives the information for 1906. (reads):

WINDSOR, ONT., April 12, 1907.

The Honourable

The Minister of Marine and Fisheries,  
Ottawa,

DEAR SIR,—In pursuance of the terms and conditions of the lease dated April 19, 1904, issued by your department to Frederick H. Markey, and assigned by him to this company, we beg to report the operations for the year 1906, as follows:—

1. The amount expended in explorations, equipment, improvements, fishing operations and preparations for future operations, is the sum of \$2,160.

2. Paid in wages to settlers and men employed in the operations, \$4,400.

3. About 60 miles of new fishing territory on the Nelson river has been explored and to a certain extent developed by the operations of the company on these waters during the season.

4. The quantity of fish taken from the Nelson river and tributary waters was: 16 tons of sturgeon, 1,100 lbs. caviare; 37 tons whitefish; and 1,400 lbs. pickerel.

5. All of the said fish were exported except about 21 tons used in Canada to supply the demands of the trade.

Yours respectfully,

THE BRITISH AMERICAN FISH CORPORATION LTD.,

O. E. Fleming, Treasurer.

*By Mr. Ames:*

Q. What is the date of the lease of which that letter makes mention?—A. April 19, 1904.

*By Mr. Northrup:*

Q. In 1905 the company got 60,000 pounds of sturgeon, 40,000 pounds of whitefish and 3,000 pounds of caviare?—A. Yes.

*By Mr. Ames:*

Q. I think you said the lease did not begin until November?—A. That is the McNee lease.

*By Mr. Northrup:*

Q. There is nothing there to show from what particular waters these fish were taken is there?—A. No, I do not see that there is.

Q. They might all have been caught within the space of a mile or two, as far as

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that letter shows? Is that the fact?—A. This does not show the locality of the fishing operations.

Q. Then as to the moneys which have been expended all the details you have are: 'Expended in explorations, equipment, improvements, fishing operations and preparations for future operations, \$2,160. Paid in wages to settlers and men employed in the operations \$1,400. About 60 miles of new fishing territory on the Nelson river has been explored'.—?—A. That is for 1906.

Q. For 1906?—A. Yes.

Q. There is a long schedule in the file of expenses of this company. Would that be for 1906?—A. Hold on, I don't know about that. That might very properly represent the plant they had there, not for any particular year.

Q. Tell me what it shows?—A. I see it says here, 'We are sending you enclosed inventory of the boats, nets and other equipment placed upon the Nelson River and remaining there in 1905. Some of this equipment was replaced and added to during the year 1906, but we are not in a position at the present time to give you a complete inventory inasmuch as one has not been made at the end of the season 1906.' I suppose that would represent the plant they had there.

Q. This schedule is supposed to represent expenditures made in conformity with the lease, is that it?—A. I suppose so. It does not deal in money. It deals in all kinds of plant and necessities for carrying on the work and I take it that they are supplying us with this information in accordance with the terms of the lease. That is to say I suppose that these—

Q. Is there any evidence before your department to show that any statement of expenditure for 1906 does not include what was already expended in 1904 or 1905? Have you any check at all over that?—A. I don't see that we could.

Q. Have you not any as a matter of fact?—A. No.

Q. You have no official on the spot to see that these expenditures have been incurred?—A. Not out at Great Slave lake.

Q. If you look at this statement you will find all sorts of articles, from Pink Pills and Castoria to ladies' shoes and that kind of thing. Do you think, without going into the items, that those are proper expenditures to credit a company with in exploring that country?—A. Well I don't think we would have anything to do with these expenditures. I mean to say that the government would not in any way be responsible for them but I could conceive circumstances under which all kinds of expenditures would be necessary in those remote districts.

Q. And you think that this company which is bound to expend a certain amount of money in exploring and development should be allowed to expend its money in such items as I have stated?

Mr. MARKEY.—Only three thousand and that statement represents \$40,000.

Mr. NORTHRUP.—I don't know how much it represents because the prices are not given in the statement.

Hon. Mr. BRODEUR.—You can get Mr. Fleming to explain that I suppose.

*By Mr. Northrup:*

Q. I will not waste time over it. I want to find out this: You have not in any way gone through this account to see how much of the money that is said to have been expended was spent in a proper way in exploring the country and developing the fishing industry?—A. We have not the means at our disposal at Ottawa to do so.

Q. You have not got it as a matter of fact?—A. No, we have taken the statements that have been given us.

Q. Now that is the statement made by the company operating under Mr. Markey's lease. What statements have been handed in by the company which is operating under Mr. McNee's lease?—A. Mr. McNee's lease? I don't think his lease requires any statements.

Q. I think it does?—A. Probably so but it is not the same character of lease.

Q. I cannot keep track of the leases. Here is one dated 13th March which requires



it and here is one of November which also requires it. Clause 4 provides 'that the said lessee or the said company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.'—A. Yes.

Q. What return was made for the year 1904, which would be the first year of operations under that lease?—A. We have no return from Mr. McNee.

Q. None of any kind?—A. He has not operated there.

Q. Have any steps been taken by the department to cancel his lease in consequence of failure to perform his obligations?—A. None that I am aware of.

*By the Chairman:*

There has been nothing to report?—A. There has been nothing to report, there have been no operations there. My understanding of the matter was that they were waiting for railway communication and that is the reason he wanted the lease to be that length; they have not any means of getting fish out.

Q. Perhaps you will give us an explanation of the policy of the department? Why does the department tie up all these waters and keep them tied up until railway communication is established?—A. That would be impossible for me to say, I was not responsible.

Q. But the fact is that the department did deliberately do that, four or five years ago, knowing that these rights could not be utilized until there was railway communication?—A. All I know is there was a lease issued.

Q. And you understand since that the lease cannot be operated until there has been railway communication?—A. That has been my understanding but I may be incorrect in that.

Q. There was another lease to Messrs. Merritt and Coffey. Have you the papers dealing with that lease? I have not seen any of them. When was the lease granted to Merritt and Coffey?—A. What lease, sir?

Q. It is a lease of the exclusive right to fish for sturgeon with pound nets in the waters of Cumberland and Namew Lakes including Whitney's Narrows?—A. It was issued on November 26, 1903.

Q. When was the application put in for that lease?—A. The application is dated November 25, 1903.

Q. The application was put in on the 25th and the lease was granted on the 26th November. Was there any order in council obtained for that lease?—A. None was necessary.

Q. It was not obtained?—A. It was not. I may say the Minister of Marine and Fisheries has a right to issue a lease for a term of 9 years under the Fisheries Act, but a lease exceeding that 9 years can be granted only by authority of council. This lease was for only 5 years. There was no need for an order in council, and, therefore, none was obtained.

Q. Is it not possible that that fact may explain why there was no order in council obtained for Mr. McNee's first lease which was for 7 years?—A. Of course that would explain it.

Q. Then the application by Merritt and Coffey was made on the 25th November and granted on the 26th. Were there any inquiries made by the department as to value of the concession which was granted?—A. There were no inquiries from outside officers. I suppose any information that was required on it was obtained in the department at the time.

Q. Obtained during the 24 hours that elapsed between the application and the granting of the lease?—A. Yes.

Q. Will you please read what were the provisions of the lease, what the grant was, the exclusive right to fish for?—A. The exclusive right to fish for sturgeon only.

Q. Yes.—A. There was nothing to prevent others fishing for other fish, the lease granted, 'the exclusive right to fish for sturgeon with pound nets in the waters of Cumberland and Namew Lakes, including Whitney's Narrows.'

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Q. For what term?—A. For a term of 5 years to be computed from November 26, 1903.

Q. At what rent?—A. At \$200 per annum.

Q. Have any returns been made from this lessee under Clause 5 of the lease which requires that they shall annually make a full return of full details and particulars. Has any return been made?—A. There does not appear to have been any special return made, unless such return can be found in the statistics of the fishery officer for that district.

Q. But as far as this file is concerned there is no return?—A. As far as this file is concerned there are no special returns, but they can be found in the statistics of the department, I think.

Q. Have any steps been taken by the department to secure this return?—A. There is nothing here to show that has been done.

Q. There has been nothing done to cancel the lease?—A. Nothing done to cancel the lease, but I think these returns are to be found in the report of the inspector for the district, and that will be found in the department.

Q. But under the lease he is bound to make a return to the department and that has not been done?—A. It has not been done to the department direct, but that can be done through the inspector of the district which will carry out the requirements of the lease.

Q. You do not know, as a matter of fact, whether it has been done or not?—A. I do not know that, but I do know that the officer collects the statistics for this district.

Q. But you do not know whether this company has given him any return or not?—A. I do not know, but I think——

Q. There is nothing on these files to show?—A. Nothing among these papers.

*By Hon. Mr. Brodeur :*

Q. That is, there is nothing on the file you have there?—A. Not on the files I have here, but it may be in other files in the department.

*By Mr. Northrup :*

Q. Will you kindly make a memo. to see whether that return has been made, you are coming again to give us the size of the Great Slave lake and you might give us that information also.

*By Hon. Mr. Brodeur :*

Q. We have fishery officers on these lakes, haven't we?—A. Yes, and we have a district inspector also, sir.

*By Mr. Zimmerman :*

Q. I would like to ask whether this company has the exclusive right to fish in these waters, or whether the government have the right to issue other licenses?—A. The government, as I said at first, has merely given in this lease the right to fish with pound nets for sturgeon, that is all the exclusive right they have under the lease. The settlers may get licenses to fish for all other kinds of fish except with pound nets for sturgeon and they do get them.

*By Mr. Carvell :*

Q. Do the settlers have licenses there?—A. The settlers in these lakes have what are called domestic licenses.

*By Mr. Northrup :*

Q. You have another lease there from the Crown to John Kenneth McKenzie, have you not?—A. Yes—I will just make a note of the information you require first.

Q. Yes, we want a return of the size of the Great Slave lake, and the return of

the Merritt and Coffey lease. Will you kindly see if you can find a lease from the Crown to John Kenneth McKenzie, a merchant of Selkirk?—A. I have a lease to Mr. McKenzie, yes.

Q. What is the date?—A. The 14th of May, 1904.

Q. And what is the concession?—A. (reads):

'The right to fish with nets, or in any other legal manner to take and catch all kinds of fish in and upon the waters of Lake Athabasca and Lesser Slave lake in the District of Athabasca.'

Q. And what is the rental?—A. \$10 per annum.

Q. For what term?—A. For a term of nine years.

Q. To be computed from when?—A. From the first of May, 1904.

Q. Have any returns been made under the fourth clause of that lease which provides,

'That the said lessee, or the said company shall, annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.'

A. I have a letter here dated 25th of April, 1905, from J. K. McKenzie. Do you wish me to read it?

Q. Does it give the particulars for 1905, does it shed any light on what has been done, if it does, I would like to hear it, and if it does not, I don't want it. I want to know how much money he has spent and how much fish he has caught?—A. I have another letter here which is dated April 24, 1905, which probably gives you the information you want, I will read it: (reads)

SELKIRK, April 24, 1905.

HON. RAYMOND PRÉFONTAINE,

Minister of Marine and Fisheries,  
Ottawa..

SIR.—Complying with the terms of the lease by His Majesty the King through your department, dated the 14th of May, 1904, granted to John Kenneth McKenzie, of the town of Selkirk in the province of Manitoba, and assigned to this company, we beg to report as follows:

In accordance with the terms of the lease Mr. McKenzie assigned the same to this company, a copy thereof having already been forwarded to you.

We sent an exploration party of four men in the month of July from Edmonton over the trail to Lesser Slave lake, a distance of about two hundred miles. This party reported having thoroughly tested Lesser Slave lake throughout its length. The expenditure in connection with this exploration party was \$1,150.

The explorers reported that whitefish predominated in the lake. There are also to be found therein small quantities of yellow pike, green grass pike and suckers. There is also a species of fresh water trout in this lake, but not in large quantities, although the trout will run in size from 20 to 50 pounds each, and very much resemble the genuine salmon trout.

There are practically no settlements of any kind around this lake, with the exception of the trading post and a few Indians.

Upon the report of the exploration party, as soon as the trail became frozen the company sent in equipment with fourteen men, and by January 1st, 1904, had erected five temporary fishing stations at an expense of \$4,200. These fourteen men employed all the Indians they were able to obtain, from January 1st until March 10th, and produced in their operations 168,000 pounds of white fish. The number of gill nets used in the operations was 80 of 5½ inch mesh. The quality of the Lesser Slave lake white fish is similar to the Georgian Bay white fish, a fish of high quality. The water in the centre of the lake is 140 feet deep which accounts for the high grade of the white fish.

It is, of course, unnecessary to explain to you that under existing conditions no fish can be exported from these waters except during the winter months when it is



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brought out in a frozen state. The company is endeavouring to promote the building of a railroad from Edmonton to Athabasca Landing, when fishing operations may be carried on during the whole year.

Yours truly,

THE ATHABASCA FISH COMPANY, Limited.

(Sgd.) *J. K. McKenzie, President.*

Q. So apparently 168,000 pounds of white fish were taken out that year. What year would that be?—A. The letter is dated April, 1905 so it must have been the first year of the lease.

Q. What was taken out the next year? Is there anything to show that?—A. There is another letter dated March 20, 1906 (reads):

The Hon.,

The Minister of Marine and Fisheries,  
Ottawa.

DEAR SIR,—In compliance with the lease issued by His Majesty the King, through your department, dated May 14, 1904, and made with John Kenneth Mackenzie, of the town of Selkirk, in the Province of Manitoba, as signed to the Athabasca Fish Company, Limited, we beg to report as follows:

During the past winter ten or twelve men were employed in fishing in Lesser Slave lake, in the Province of Alberta, and produced two car loads of white fish, being about 50,000 pounds, which were marketed at Edmonton..

The expenditures during the season \$1,775, principally for labour; six stations were located during the past season.

During the coming winter of 1906-7 the company expects to greatly increase its operations in this region, the means of transportation by rail being expected to be much improved.

Yours respectfully,

THE ATHABASCA FISH COMPANY, Limited.

(Sgd.) *J. K. McKenzie, President.*

*By the Chairman:*

Q. How far is it from Edmonton?

Mr. MARKEY.—200 miles.

*By Mr. Northrup:*

Q. It appears from the letter which you have just read that the company took out 50,000 pounds of white fish and spent \$1,775?—A. Yes.

Q. Have there been any reports since then?—A. That was the year 1906, was it not?

*By Mr. Carvell:*

Q. No, for 1905?—A. There is another report due this month. There is another letter here giving some information asked for by the House of Commons. It is not directly—

*By Mr. Northrup:*

Q. It is not a return made to your department, that is what I want to get at?—A. There was a large amount of money spent in these Lesser Slave lake operations during the summer of 1904.

Q. That is the same story that we have already had?—A. Yes, but it is told in a different manner.

Q. Let us have it in case there are different results?—A. (reads):

‘No tug boats are, nor have been, employed on the lake, but during the winter fishing 20 men were employed and who used in their operations \$3,000 worth of nets. They got out 84 tons of white fish, about 8 car loads, valued at \$8,000.

‘During the time of the operations the fish were brought in boxes, frozen, by way of landing, by teams, and shipped from Edmonton, but the expense of bringing them

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in this way to Edmonton was so great that the company suffered a great loss and it was found that operations could not be carried on to any great extent successfully until such time as railway facilities are constructed to a nearer point than they are at present.

'We have expended considerable money in carrying on further explorations, with the result that we find that the lake contains large quantities of the very finest white fish.

In addition to these expenses and exploration work, we have established two fishing stations, one on the island at the east end of the lake and the other about the middle of the lake on the north side. Considerable money has been spent for buildings and shanties, &c., besides having several posts at the different points on the lake.

Yours truly,  
THE ATHABASCA FISH COMPANY, Limited.  
*J. K. McKenzie, President.*

That is from a letter of February 1st, 1907.

Q. Have you any other return?—A. I have another return dated April 12, 1907 (reads)

DEAR SIR,—In pursuance of the terms of the lease dated May 14, 1904, issued by your department to John Kenneth McKenzie, of the town of Selkirk, and assigned by the said J. K. McKenzie to this company, we beg to report as follows:—

1. That the operations and expenditures under this lease for the year 1906 were curtailed on account of the difficulty in getting the fish from the waters to the market. A certain amount of exploration work was done and operations carried on in Lesser Slave lake to supply local consumption only, occasioning the expenditure for explorations and operations under the lease of the sum of \$365.45.

2. Certain amount of exploration work was done on Lake Athabasca, but until it is possible to get better transportation facilities to get the fish to the market, it will not be profitable to carry on our operations to any great extent.

3. We understand that a charter has been granted for the construction of The Athabasca Northern Railway from Edmonton to the landing, which will enable us to transport fish from that point and which will be the means of a speedy development of the fishing industries in that country and of tremendous benefit to the settlement and the people already located in the neighbourhood.

Yours respectfully,  
THE ATHABASCA FISH COMPANY LIMITED,  
*J. K. McKenzie, President.*

Q. That letter gives a very full account of the future, but omits to mention what amount of fish they have caught in the past year does it not?

Mr. MARKEY.—It was in the previous report.

A. That is for 1906. They did not do any fishing. All they spent was in explorations. He says in the letter: 'until it is possible to get better transportation facilities to get the fish to the market, it will not be profitable to carry on our operations to any great extent.'

By Mr. Northrup:

Q. He does not say how many fish they have caught?—A. No, this report does not say. This is the last that is due except there will be one due about to-day. This is dated April 12.

Q. The last report you have read does not really give the information the department should have. It consists of a wail that fishing is not profitable but we would like to know the facts?—A. He practically says that he has not done anything.

Q. Except for local consumption?—A. Yes. In another letter they explain that they have lost money.

Q. But there is not a word to show how much fish were caught? That is what we are interested in?—A. No.

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Q. Were any steps taken by your department to have that return made complete in order to show how many fish were taken?—A. That return was accepted in a general sense.

Mr. PARDEE.—It is not shown that they got any except for local consumption.

*By Mr. Northrup :*

Q. Were any complaints made by the people in that part of the country as to this company?—A. No, none that I have ever heard.

Q. No complaints about fish being hauled out on the ice and left there? There is no such correspondence?—A. I have seen no such correspondence.

Q. Is there any correspondence about any of the companies?—A. I have not heard of it.

Q. As to this concession it was Lesser Slave lake and Athabasca?—A. Lesser Slave lake and Athabasca.

Mr. NORTHROP.—You will please let us have a memorandum as to the size of those lakes also.

*By Mr. Ames :*

Q. Is there anything about Lake Athabasca?—A. It is included in the lease that we are dealing with.

Mr. MARKEY.—A party went up last fall for two months and they have made a report of 20 pages. That is being prepared and will soon be ready. It is a daily diary of operations for the two months but it not yet in such a shape that it can be put in. When the report is ready you can peruse it.

*By Mr. Northrup :*

Q. Were inquiries made by the department before it granted this lease, as to the value of the concession?—A. Are you speaking of the McKenzie lease?

Q. Yes?—A. I don't know of any inquiries.

*By Mr. Ames :*

Q. Is there any provision in this McKenzie lease for its renewal on the expiry of 9 years?—A. I will just look it up. I think there is. (after referring to file) Yes, there is.

Q. What is the clause with reference to the renewal?—A. The clause says 'should the said lessee conform to all the terms and conditions of the present lease, and should he establish at the termination of the said period of nine years, that he, or the company hereinafter mentioned, has expended in the exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least ten thousand dollars, then he or the said company shall have the option of renewing the present lease, subject to the same terms and conditions for a further period of nine years.'

Q. That is practically an 18 year lease?—A. I suppose it would be if they complied fully with the terms and spent all that money, that involves \$10,000 expenditure by them.

*By Mr. Sproule :*

Q. That will be determined, I suppose, by the bills put in by themselves without verification?—A. I do not know that is the case. Probably we would get reports from some of our inspectors; by that time there will be better communication in every way with these remote districts.

Q. These bills that you have gone over, I understand they are not verified, with regard to their lease?—A. I answered those questions as they were put to me, that there was no method of verification on the spot, but that our officers will look into that.

Q. That there was no effort made by the department to verify them, if we understood it correctly, that is what the witness said?—A. No, that they were accepted by the department as sent in by the company as representing their operations.

Q. They were accepted by the department as satisfactory?—A. Yes.



*By Mr. Northrup:*

Q. The Markey lease, if you look at it, had the same provision, hadn't it, that this lease has, you have just read it, with regard to renewal?—A. I think it had, I will look, in order to be certain.

Q. For a renewal for a further term of twenty-one years?—A. Yes, it is the same.

*By Mr. Carvell:*

Q. But not for the same amount of expenditure, though?—A. I will read it, probably it is better to have this answer correct. (reads):

Should the said lessee conform to all the terms and conditions of the present lease, and should he establish at the termination of the said period of twenty-one years, that he, or the company hereinafter mentioned, had expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least one hundred thousand dollars, then he shall have the option of renewing the present lease subject to the same terms and conditions, for a further period of twenty-one years.'

*By Mr. Ames:*

Q. Is the McNee lease the same?—A. The same with regard to what particular?

Mr. MARKEY.—There is no provision with regard to expenditure.

The WITNESS.—But in what particular regard. I do not exactly understand the purport of that question.

*By Mr. Ames:*

Q. Has it any renewal proviso at all, and if so on what conditions would the McNee lease be renewable at the end of the period?—A. I will have to go carefully through it to see, I have the lease here, (after examination of lease) I find no clause at all in the lease providing for renewal.

Q. There is no clause at all? May I ask just one more question—have you anything on the file that tells us to his power to sublet under the McKenzie lease?—A. Nothing except what I have just read, which shows it to have been operated by the company under the McKenzie lease.

Mr. MARKEY.—An exploration party went out last fall, two men went up there, and the report is not made yet.

*By Mr. Ames:*

Q. Is it true that one Butterworth, is operating there?

Mr. MARKEY.—No, he is operating at Collingwood, I understand.

*By Mr. Northrup:*

Q. In view of the fact that these gentlemen are entitled to a renewal of their lease if they have spent a certain amount of money, is the department taking any steps at all to check their statements as to the amount?—A. The department has issued instructions to the inspector of fisheries to ascertain everything he possibly can as to the methods in which the fishing is being done. We, of course, appreciate that the fisheries are very remote and we are not able to get as exact information now as we will be able to later on.

Q. To come down to facts, let us understand something. You are given figures by the lessees as to expenditure, does the department take any steps to check those figures?—A. We are seeking such information as will enable us eventually to prove all these statements.

Q. Is any of that information given you under these leases accepted while you are seeking information?—A. It is such information as I have read; I have given you all the information that we have.

Q. You have not read me a word along the line that I speak of. Certain information is given to you by the lessees. I am asking you has your department taken

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any steps to check the accuracy of that information?—A. My reply to that is that we instructed the fishery officers of the department to get all the information that they can that will enable us to check those statements eventually.

Q. These leases have been going on for four years. Have you received any such information up to date?—A. We have no specific information.

Q. Will you turn up the files, and give me any letter you have written to the fishery officers giving such instructions to them?—A. I haven't any here.

Q. Will you be good enough the next day you come here to let us have any letter you have sent to the officers, or any such information that you have received as will enable you to check these statements?—A. We have asked for all kinds and classes of information.

Q. You say you are seeking such information?—A. Yes, we are seeking it.

Q. I am asking you for the letters that will show what information you are getting. We haven't found that you have received any in the four years. We have spoken of Merritt and Coffey having a certain lease. Will you look up and see if they made another application for privileges of fishing with gill nets in certain water, dated March 20th, 1905? Have you a letter of that date?—A. An application?

Q. An application, yes?—A. There is an application, yes.

Q. An application?—A. Yes, there is an application here.

Q. What is the date of that?—A. March 20, 1905.

Q. What is the application?—A. It is an application from S. L. Merritt and E. D. Coffey, asking the government to grant them the privilege of fishing twenty thousand fathoms of gill nets in the waters of Cedar, Moose, Cormorant and Atikameg lakes, lying in the ditstrict of Saskatchewan, and also for the privilege of fishing pound nets in Cedar lake.

Q. What was done in that application? It resulted in a lease I suppose?—A. It resulted in a lease.

Q. What is the date of that?—A. The date of the lease?

Q. Yes?—A. March 25, 1905.

Q. That is 5 days later? Was it a formal lease or just a letter?—A. It was a letter expressing the terms. A lease in the shape of a letter.

Q. Were there any inquiries by the department before that lease was given to determine the value of the concession?—A. Not that I am aware of.

Q. Do you know as a matter of fact that they have operated under that lease?—A. Yes, they have operated under that lease.

Q. Have you any return to show to what extent they have done so?—A. That lease does not call for any returns, and I don't think we have any.

Q. What was the duration of the lease?—A. The duration of the lease?

Q. Yes?—A. The lease is for 5 years from April 1, 1905. It expires in 1910.

Q. And there are no returns?—A. No.

*By Mr. Sproule :*

Q. Is there any clause providing for a renewal of the lease in that?—A. No clause at all.

*By Mr. Northrup :*

Q. That lease covers two or three lakes and you will also give us their sizes? You will come to-morrow morning and give us that information if you can?—A. Yes, if I can procure it but I am not a geographer.

*By Mr. Pardee :*

Q. Did Mr. Coffey throw up that lease or was there any trouble about it?—A. Not that I know of. He has had a good deal of trouble by others trying to get in to fish.

Q. The trust went in there and fished did they not?—A. I don't know, I am not conversant with that.

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Mr. MARKEY.—They wanted the department to seize the fish taken out by the trust.

Witness retired.

The committee adjourned.

HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

TUESDAY, April 28, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of \$10 by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin, and Great Slave lake in MacKenzie district, to May 1, 1908; also payment of \$10 by Arch. McNee, Windsor, Ont., annual rental for lease of James bay for 1907; also payment of \$100 by Merritt and Coffey, Winnipegosis, annual rental for lease Cedar, Moose, Cormorant and Atikameg lakes to April 1, 1908, as set out at page P—195, Auditor General's Report for the period ended March 31, 1907.

The CLERK.—I desire to read the following letter which has been sent to me (reads):—

OTTAWA, April 23, 1908.

SIR.—In the matter of the leases for fishing privileges now before the Public Accounts Committee, certain papers were brought down, among which was what purported to be a copy of a lease issued to Mr. Fred. H. Markey for fishing privileges on Nelson river and other streams, as well as Great Slave lake.

It appears, however, that this document is not a correct copy of the lease as finally issued, but of a draft of the proposed lease in a form which was eventually changed, no copy of the lease as executed being at the time on the file.

In explanation of this, I may say that upon examination of the Debates of the House of Commons, 1904, volume V., it has been ascertained that a discussion then took place on the leases now before your committee raised by Mr. Boyd, during which the late Honourable Mr. Préfontaine, Minister of Marine and Fisheries, produced the department's original copy of the lease to Mr. Markey, and Mr. Boyd read the same into the debates.

A comparison of the original lease held by Mr. Markey with that as read into the debates by Mr. Boyd shows them to be identical.

In February, 1905, the chief reporter of the Official Debates was asked by letter for the return of the lease, and he replied stating that the document had been returned, but according to the records of the department this does not appear to have been the case.

An officer of this department called at the office of the Debates Reporters in order to ascertain if the lease could be traced, and was informed that matter of so old a date was not kept, and that in the case of the lease in question, if the usual course adopted with documents read into 'Hansard' had been followed, the lease would have been handed back to the member of parliament who read it into the record, and that this was the invariable practice, unless some specific request or instruction to the contrary were made or given.

I am now directed by the minister to enclose herewith a correct copy of the lease, dated 19th April, 1904, held by Mr. Markey, with the request that it be substituted for that included in the papers submitted to the committee.

I am, sir, your obedient servant,

(Signed) G. J. DESBARATS,  
For Deputy Minister Marine and Fisheries.



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The examination of Mr. R. N. Venning resumed.

*By Mr. Pardee:*

Q. The letter which has been just read fully explains the fact of the original lease not being upon the files of the department?—A. Yes.

Q. It was produced in the House, as I understand from that letter, and handed to the 'Hansard' reporter to be inserted in the Debates?—A. All of which appears in 'Hansard.' The record appears in 'Hansard.'

*By Mr. Northrup:*

Q. You were asked, upon the last occasion of this matter being before the committee, to give us certain information?—A. You asked me when I was here last to give you the extent of certain lakes in the Northwest Territory. I obtained the desired information from Mr. White, Geographer of the Department of the Interior, and it is as follows (reads):—

	Sq. M.
Great Slave lake. . . . .	10,714
Athabaska lake. . . . .	2,842
Lesser Slave lake. . . . .	480
Cumberland lake . . . . .	166
Nome lake. . . . .	66
Moose lake. . . . .	552
Cedar lake. . . . .	285
Cormorant lake. . . . .	141
Atikamag lake. . . . .	90

Q. Those are covered by the Markey and McNee leases?—A. No, the Great Slave lake is covered by the Markey lease, Athabaska and Lesser Slave lake by the McKenzie lease, and the other six lakes by Coffey and Merritt's two leases.

Q. The McNee lease does not cover any lake?—A. It does not cover any lake. No question was asked as to the extent of that.

Q. That covers James bay, if I remember right?—A. Yes, the southerly end of James bay.

Q. Are those the only questions that you were to answer?—A. Those are the only things in regard to which you asked me to bring information.

Mr. NORTHROP.—The witness had better not be discharged in case anything should arise upon which we may want to again examine him.

The witness retired.

Mr. FRED. H. MARKEY, Montreal, called, sworn and examined.

*By Mr. Pardee:*

Q. You are concerned with some fishing leases in the Northwest that have been set out by Mr. Venning?—A. Yes.

Q. What ones are they, and what is the company concerned?—A. The lease covering the waters of the Nelson river, Hayes river and Great Slave lake was granted to me personally for the purpose of being transferred to the British American Fish Corporation, which had not been incorporated at the time of the application, but as soon as it was found that the application would be granted the letters patent were taken out, and the same day as I received the lease from the government I assigned it to the company, as was the original understanding.

Q. It was taken out by you for the purpose of turning it over to this joint stock company. What was the object of taking it out in your name; so as to avoid losing time and that sort of thing?—A. We did not know when the application was made that it would be granted, and therefore it was not advisable to incorporate a company

for the purpose of taking this lease from the government until we found that the application would be granted. The application being granted, and the order in council being passed in my favour, then the application was made for letters patent and they were issued simultaneously, almost simultaneously, with the granting of the lease.

Q. What led up to the granting of that lease, what was your first connection with it?—A. In the fall of 1903 Mr. O. E. Fleming, of Windsor, Ontario, came to me, saying that he represented a number of fish companies in the Northwest who were operating in opposition to the Fish Trust of the United States; that is to say, these companies were producing supplies to subsidiary companies in the United States for the purpose of carrying on this opposition. He explained that they were fighting a very hard battle with the Trust, and desired to get some extensive waters where they could be successful in competition. He suggested the Albany river, and I think the Nelson was also suggested in the first place.

Q. By him?—A. By him. The lease, however, he explained, would have to be of an exclusive character, otherwise as soon as the companies commenced operating and placed a large plant thereon the Fish Trust would come alongside and immediately commence operating, and so take the benefit of the expenditure made by his clients.

Q. Before you get any further, is the Fish Trust in absolute control of the market in the United States?—A. There are practically two companies operating in the United States—the Booth Company, known as the Fish Trust, and being an amalgamation of a large number of companies; and the combination called the Anti-Trust, consisting of the Buckeye, the Wolverine and several others, they are all joined together in fighting the Trust there. In the Northwest Territories and Manitoba there are subsidiary companies or representatives of these two concerns, who are operating and sending in supplies to the United States. It is well known to everybody in the west that the representatives of the Trust in Manitoba and the Northwest are the Dominion Fish Company, and the other companies are producing supplies for the purpose of supplying what is known as the Anti-Trust.

*By Mr. Northrup:*

Q. The Booth Company is the Trust and these other companies are the Anti-Trust?—A. Commonly called the Anti-Trust.

*By Mr. Pardee:*

Q. Well, between the two of them, do they control the trade?—A. They absolutely control the fish market of the United States. If you sent down a half a dozen carloads or ten carloads of fish to the United States to-day and these two companies, these two combinations, would not buy from you—

Q. That is the Trust and the Anti-Trust combination?—A. Yes. You would sell the whole of your fish at one cent a pound.

Q. Your object, or Mr. Fleming's object, when he first came to you, in asking for exclusive rights, was to prevent these people coming in and fishing contiguous to you and going on with the same game they had been going on with heretofore?—A. Yes; they could send from there, alongside of us, a large quantity of fish—and I may say you can only send it to the United States in carload lots—pile it up in their refrigerators, and as soon as we put in a small quantity, four or five carloads, they would unload their large quantities and we would be swamped. I am informed that the Trust has to-day ten million pounds of fish in their refrigerators, and some of that has been there a year, and if you take any fish down there they would unload it at a cent a pound less than it cost, and so put you out of business.

Q. Then, to go on to the conversation that Mr. Fleming and you had between you, Mr. Fleming came to you, and what took place then?—A. I thereupon went to Mr. Préfontaine and explained the condition of affairs to him. He took a great deal of interest in it, and he turned me over then to Professor Prince. Professor Prince and I discussed it from time to time, backwards and forwards with Mr. Préfontaine, and certain changes in the proposals were made. For example, the Albany river was not granted, for the reason that we might get into conflict with the Ontario govern-

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ment. Mr. Préfontaine explained that he might give us half way across the river and then the Ontario government might grant the other side to the other people, and we immediately recognized that that would be of no advantage to us, because possibly the Trust might immediately get in on the other side of us, so that part of it was abandoned. Negotiations were taken up, as I think I have said, in the fall and continued until the month of April following. The great difficulty encountered with the minister was as to granting us an exclusive right. I can understand how, in the copy of the lease, as it came down before this committee, the word 'exclusive' appears. It was in the original draft which was prepared and which the minister refused to execute. Mr. Préfontaine explained that the government would not grant us exclusive rights, and we said we could not take it under any other circumstances. That brought the negotiations, as I have stated, along for several months. He offered me the right to fish, which was equivalent to the licence which is granted to companies under the statute at \$10 per annum. That my people refused to accept. As a result of these negotiations a clause was inserted in the lease by which we should be granted an exclusive right for ten miles from the spot where we desired to locate. We did not know, of course, at that time where our fishing stations were going to be erected. We would have to explore possibly the whole of the Nelson river until we found where the fish could be caught in commercial quantities, and then, having explored the river, we would have to put up our plant, our icehouses, freezers, tramways, as we did two or three lines, to carry on our operations. A provision was therefore inserted in the lease that from the centre of those operations the government would not grant a lease within ten miles. That was the only exclusive privilege which we were granted.

Q. You have one of the original leases in your possession?—A. Yes.

Q. That differs from the lease which has been produced here?—A. Yes, as originally drawn.

Q. And in what does it differ?—A. It differs in respect to the omission of the word 'exclusive' in the first paragraph which, as I have stated, was struck out by the minister. The minister refused to give it to us.

Q. Then you produce now one of the duplicate original leases?—A. Yes.

Q. There were two executed?—A. As appears at the head of the document it was executed in duplicate. One lease went to the department and I took the other away.

Q. Then the one you produce now, which has been in your possession, is the original duplicate lease of which the facsimile was with the department?—A. Yes.

Q. And the difference between that and the original draft lease is that the word 'exclusive' was left out because the minister refused to grant it?—A. Yes.

Q. Is there any other difference in these leases that you know of?—A. I have not compared the two, but my attention has been drawn to the fact that there was a limit in the size of the fish which could be taken. This arose during the discussion between Mr. Préfontaine and Professor Prince regarding the protection of the fisheries in the district. The minister stated that we might fish out these waters in the course of a few years, and I said that our desire was to protect these fisheries and we would be willing to have inserted a size limit as to the fish that we could take. My attention has been drawn to it that this clause was subsequently inserted in the lease. The original draft was what was prepared months before the lease was granted.

Q. When Fleming first came to you did you just take it up on the ordinary terms of solicitor and client, or how?—A. A suggestion was made that I should receive payment—

Q. By whom?—A. By shares in the stock of the company.

Q. Who made that suggestion?—A. Mr. Fleming. This I refused and said I would undertake it in the ordinary professional manner, which I did.

Q. The lease then was granted?—A. I would like to say that there was another bone of contention between the minister and myself during this period, and that was the position of the settlers.



Q. Yes?—A. That caused some delay. After the minister thoroughly understood the manner in which the fisheries are operated in the Northwest the clause was inserted as will be found in the lease. I may explain that none of these fish companies operate personally; that is to say they do not fish with their own employees. They simply supply boats, nets, and other apparatus to the settlers who fish and bring the fish to the companies' large boats or refrigerators and the settlers are paid so much a pound. We insisted, therefore, that the settlers, in fishing, should fish only for their own use because otherwise the Fish Trust would come and plant themselves 100 feet away from us and the settlers would take the fish out of our waters, where we had expended all this money, right to their own boats. I explained to the minister at the time that we had no objection whatever to the settlers fishing and selling to the Canadian market; we would have no objection, and would have none to-day, to the settlers taking their fish out and sending to the United States if they could possibly do so; but what we desired to prevent was the settlers taking the fish from the scene of our operations, where we had made a large expenditure of money and built up the industry, and selling them to our competitors. This caused considerable delay and negotiations and then the clause was settled in the form that will be found in the lease.

Q. Did you, during the operations which were carried on, employ a considerable number of settlers?—A. We operated in the Nelson river, and all the settlers and Indians who desired to fish were given their supplies. The fish were caught by them and brought to our boats and icehouses and refrigerators and shipped down.

Q. And did these operations employ a large number?—A. Quite a number up there. All that were there and any that we could get to go up there.

Q. How did you pay the settlers and the Indians?—A. They are always paid so much a pound. It will depend very much upon the conditions of the market in the United States, the price we can get down there.

*By Mr. Cyr:*

Q. And the quality?—A. It depends upon the quality in some districts. For instance, there is a difference to be found between the Lesser Slave whitefish and the Nelson river whitefish; one is worth 2 cents a pound more than the other.

*By Mr. Carvell:*

Q. Which is the more valuable?—A. The Nelson river whitefish. The Lesser Slave whitefish have been found to be somewhat different. They are what is known as black bass.

*By Mr. Pardee:*

Q. Is there anything else leading up to the granting of these leases and prior to the starting of your operations in the Northwest that you want to say to the committee—I mean in regard to the leases, or the conducting of negotiations or anything of that kind?—A. I have only to add that it was thoroughly considered by the officers of the department, by Professor Prince, who prepared drawings of the territory on maps, and I believe a report for the minister. I spoke to Professor Prince recently about this and he said, 'I remember preparing drawings and I am under the impression that I also prepared a lot of memoranda in connection therewith for the minister, but I cannot tell where it is now.'

Q. That was in the year 1904?—A. Then I may say in addition, the matter was discussed with some of the western members and with the Minister of the Interior, and went backwards and forwards from one to the other during the course of four or five months.

Q. Now, that is all you want to tell us with respect to what took place prior to the actual beginning of operations?—A. Yes.

Q. Then you did begin operations, in what year?—A. 1904.

Q. Can you give to the committee a short synopsis of what those operations were?

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—A. We operated upon the Nelson river, I believe at a point about 50 or 60 miles down—

Q. Before we take that up, suppose we consider one or two clauses in the lease, so as to lead up to that. The lease provided that you were to expend certain sums of money?—A. Yes.

Q. Clause 5 of the lease reads as follows (reads):—

‘That the said lessee, or the said company, shall, during the three years following the 1st day of May, 1904, expend the sum of at least one thousand dollars per annum in the exploration of the territory hereby leased, and during the period of ten years from the 1st day of May next shall expend and lay out at least fifty thousand dollars in the exploration, development, equipment and improvement of the said property hereby leased.’—A. Yes.

Q. That was a condition precedent on the lease hanging on, that is right, is it?—A. Yes.

Q. Being kept going, without voiding it?—A. Yes.

Q. Then the section goes on to say:—

‘That if the said lessee, or the said company, shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisions hereinbefore mentioned, or if the said fishery is being improperly operated by the said lessee or the said company, contrary to the terms of this lease, so as to prejudicially affect the public interest, the minister may give, or cause to be given, three months’ notice in writing to the said lessee or the said company that the term of the lease by these presents created will be determined and cancelled, and the said term and lease shall thereupon and thereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privilege hereby created without indemnifying the said lessee or the said company for any improvements that may have been done.’

A. You will observe that provision is made that if it was not being operated in the public interest the government could cancel the lease.

Q. And that there should be nothing paid back to you on account of any expenditure you have made?—A. Yes.

Q. Then did you go on and make certain expenditures there, Mr. Markey?—A. Yes.

Q. Now, will you just tell us what they were, and for what? I understand you are not the treasurer of this company?—A. No; Mr. Fleming is the treasurer, but reports are made to me as president from time to time, and I have figures that I can take from my reports.

Q. Will you just give us what has been expended there and on what?—A. For a space of about seven or eight miles, being about 50 miles from the mouth of the Nelson river, the operations were actively carried on. As will be seen from the inventory produced and filed, a number of freezers, icehouses, warehouses, dwellings, stables, docks were erected, three lines of tramways were also erected; several tugs there are three large tugs and a large number of small boats and other apparatus necessary for fishing operations have been installed. The cost of this installation was somewhere between \$30,000 and \$40,000, and it all remains on the Nelson river to-day, with a possible exception, I think, of two tugs—two tugs have been taken out, and we are operating possibly only one, a large steam tug which could not be taken out, because it has been constructed above the falls there.

Q. It has to stay there in the river?—A. It has to stay there in the river. There will be found in the inventory, in addition to this plant, a lot of machinery, tools, fixtures, &c., dogs—that is sleigh dogs—horses, rigs, harness and articles of that description. Then again there will be found attached to the inventory filed, the merchandise on hand in the district when the inventory was sent to the department. I may say that the minister made a demand upon me on one occasion for a statement

of the plant, equipment, etc., used by the company, and I had a copy made, which also included—which I do not think was necessary—the supplies on hand at that period. The supplies were kept there for dealing with the settlers and the Indians. For instance, at that time there was about \$10,000 worth of supplies in the nature of, as Mr. Northrup referred to the other day, books, shoes, castor oil, &c., which is used for exchange with the Indians and settlers for fish. We keep a regular store there in the same way as a contractor would. I may say that one of the larger items in connection with the equipment was for the three boats, which cost over \$8,000.

Q. That is the three tugs?—A. Those three tugs cost over \$8,000; roads, tramways, &c., cost a shade less than \$5,000; and these small boats, &c., something over \$2,000, and our inventory of nets and other equipment is \$9,530.14. Figures were not placed upon the inventory sent to the department because we did not think the department was interested in our inventory values.

Q. Are you just referring in that inventory to the Nelson river equipment?—A. The Nelson river. In addition, taking up the British-American Fish Company lease, I think there was an expenditure of \$1,000 in fitting up icehouses on Pigeon river, but the operations were not successful and this was abandoned as scrap.

Q. As I understand it, on the Nelson river the plant and operations have cost you between \$30,000 and \$40,000?—A. Yes.

Q. That was in the year 1905?—A. Yes.

Q. Then did it cost you anything more in 1905?—A. We operated for that season and suffered a loss on the actual operations of \$20,000.

Q. You operated in 1905 and your net loss in that year, after giving yourself credit for what you took out and sold, was \$30,000?—A. A net loss of \$20,000 correct.

*By Mr. Reid (Grenville):*

Q. How did you make that out, again? You expended how much?—A. I am taking the actual loss on the practical fishing operations which amounted to \$20,000. That did not include—which I will refer to later—overhead expenses of management outside the river.

*By Mr. Carvell:*

Q. Nor it does not include the tugs nor equipment?—A. No, no, nor does it touch the management expenses.

*By Mr. Pardee:*

Q. Then it means that you spent between \$30,000 and \$40,000 in plant and equipment; is that there yet?—A. That is there, most of it; I say two of the boats have been removed, but it is all there except those two boats.

Q. It is all there now except those two boats; the two boats that have been removed would cost you about what?—A. I do not know which two have been removed, possibly Mr. Mackenzie could tell us which ones have been removed.

Q. But the three boats cost you \$8,000?—A. Yes, over \$8,000.

Q. Two of those boats have been removed?—A. They are merely taken away temporarily, we will put them back at any moment when we resume operations.

Q. You have expended \$40,000 for plant and equipment?—A. Yes.

Q. And you operated for one season and on that year the net loss was \$20,000?—A. That is I will say that the loss on the practical operations during that summer amounted to \$20,000, and if you want to know we owe \$17,000 in the bank to-day on a bond for which they have personal guarantees.

Q. Did you take out fish in that year?—A. We did, in accordance with the report sent to the department.

Q. Is that on file?—A. That is on file.

Q. So that, so far as the year 1905 goes, and so far as the operations on the Nelson river go, it stands that you put in between \$30,000 and \$40,000?—A. That is the cost of the equipment there.

Q. And that would be in cash?—A. That would be in cash, it cost that.



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Q. You operated that year and your net loss was \$20,000?—A. That is it.

Q. Your net loss was \$20,000 and you had put in from \$30,000 to \$40,000, or splitting the difference, \$35,000, so that you were out \$55,000?—A. Much more than that.

Q. On that basis were you not out \$55,000?—A. No, because you have not taken into consideration what we would call our management expenses.

Q. Overhead expenses?—A. Overhead expenses, travelling expenses and the expenses of running a business which you must add to the other.

Q. I understand that, but I am just getting at the cash basis at the present time, on the basis that you put in \$35,000 in cash for equipment and development, and so forth?—A. Yes.

Q. And on the further fact that your net loss was \$20,000. Therefore, without expenses of management or without overhead expenses, you were out \$55,000?—A. I would go a little further, Mr. Pardee, and say that the amount that we are actually out is very considerably more than that. In order to operate this business it was necessary that we should practically operate the Imperial Fish Company, of which Mr. McKenzie was president. They had an equipment of about \$100,000. Amongst other things they had the largest boat and the finest boat on Lake Winnipeg, the *Wolverine*, that cost \$25,000. It was necessary that we should have all this equipment in addition at our disposal. Now, while we did not purchase the business of the Imperial Fish Company, it was operated in connection with ours and we had to go and give certain securities to banks and others for that company, so that our liabilities stand to-day very largely in excess of what I have mentioned. I don't wish to go into the details of it, or arrangements with the banks and so on, but it is a liability of another \$50,000 nearly.

Q. Another \$50,000?—A. Yes.

Q. How would you sum up your operations for 1905 in the Nelson river territory and with the Imperial Fish Company; what do you say that you have expended and what do you say is your liability in regard to it, approximately, of course?—A. The expenditure in plant on the Nelson river was between thirty and forty thousand dollars. A loss on the operating expenses of the season there amounted to \$20,000. We have had a further expenditure, since our operations, on management expenses of \$25,000.

Q. How much?—A. \$25,000. We have liabilities of \$57,000 or something like that, and—I could not say, but the treasurer could tell us—I believe there are other very large liabilities we are still upon.

Q. Then that leaves you what?—A. An expenditure of \$35,000 for plant, \$20,000 upon operating expenses and \$25,000 upon management expenses.

Q. And \$57,000 besides?—A. \$17,000 and something over \$40,000 besides on guarantees to banks.

Q. What you say is that you represent an investment of about \$137,000 in the Nelson river and the Imperial Fish Company?—A. \$15,000 would not clean up everything if we paid up all liabilities to-day.

Q. And as against that you have got a plant up there which cost, you say, \$25,000, and which is remote from every place, is it not?—A. It is 400 miles north of Selkirk.

Q. Four hundred miles north of Selkirk. Any communication with that place?—A. Only by water—by our own boats.

Q. Beyond that it is outside the pale, is it not?—A. Yes.

Q. Then you stand to-day with \$137,000, we will say, of net investment, and you have got up there a plant which cost, you say, about \$35,000, to split the difference, and that plant is worth what to-day?—A. Oh, that would not be exactly correct, because on the indirect liability in connection with the Imperial Fish Company we have their plant.

Q. Oh, you got their plant, too?—A. Merely as guarantors.

Q. With that as security?—A. With that as security.

Q. If you mean to put your whole assets in you are entitled to add the assets in

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plant of the Imperial Fish Company to the assets in plant of the British American Fish Corporation, in order to establish what has been expended, and for which you have got nothing to show?—A. Yes.

Q. Then what are those two plants worth?—A. Mr. McKenzie could tell you better what the plant of the Imperial Fish Company is worth. I don't think it would be fair for me to answer that question. It might disturb the relations of the Imperial Fish Company with the banks if we attempted to put a valuation on the Imperial Fish Company's assets. You can understand that.

Q. All right, I will put the question in another way, so as not to disturb anybody. What has been expended with the Imperial Fish Company we will leave out of the question altogether. We will take your own operations proper, and what amount have you expended on the Nelson river according to that statement (exhibiting statement)?—A. I have already given you the expenditure on plant as between thirty and forty thousand dollars, and the loss of \$20,000 in connection with operations. In the following fall there was a further expenditure of \$2,600—just about \$2,600—in connection with the sending up of further supplies. The boat left Selkirk in the month of October or November and about three parts of the distance up the lake it was caught in the ice. The cargo and the supplies were taken out and the boat was hauled up on the shore, and an attempt was made to reach the Nelson river over a trail with dogs. I think the whole of that became a loss, but Mr. Mackenzie would be able to tell you about that. I think the loss was over \$2,600.

*By Mr. Carvell:*

Q. That would make about \$58,000, is that right?—A. Yes, besides our indirect liabilities.

Q. Outside of the Imperial Fish Company entirely?—A. Yes.

*By Mr. Pardee:*

Q. Outside of the Imperial Fish Company? Then we will just confine ourselves to your own operations proper and not to any offshoot at all. You have expended in plant, equipment and operations in the Nelson river territory \$58,000?—A. Yes, that would be it.

Q. That was in 1905. Now, you have against that your plant that cost you between \$30,000 and \$40,000, say \$35,000. What do you value that plant at to-day?—A. Anybody can have it for \$15,000.

Q. And it is not worth more, is that what I understand from your answer?—A. It is not. I mean to say that if we were to resume operations again, then, of course, it would be worth that amount to us.

Q. But if anybody wanted to take it over to-day, the lease and all, would fifteen thousand take the lot?—A. No, certainly not with fifty or sixty thousand more of indirect liabilities. Not when we are in the hole \$60,000, with \$50,000 or \$60,000 more of different liabilities. What I will do is this: We will suffer a \$20,000 loss if anybody will take over the whole business at cost, including our deficit, take it over and we will transfer them the lease.

Q. You will transfer them the lease?—A. Yes, that is putting it in a nutshell.

Q. And you are willing to stand for a loss of \$20,000?—A. Yes.

*By Mr. Reid (Grenville):*

Q. How much will they have to pay you altogether to get that, Mr. Pardee should bring that out?—A. We have our indirect liabilities, so that it is rather difficult to say.

*By Mr. Pardee:*

Q. You say that because you do not feel at liberty to take up the matter of the financial standing of the Imperial Fish Company?—A. Yes.

Q. Then since 1905 have you pursued any operations on the Nelson river?—A. There were some small operations, I believe, in 1906, but in a very, very small way, which I think Mr. Mackenzie can tell you about.

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Q. What profit did you make that year?—A. Well, Mr. Mackenzie can tell you whether there was any profit—well, there was no profit at any rate, but he can tell you what the loss was. There never has been a pound of fish taken out of that river at a profit.

Q. That is as much as you want to tell us or that there is to be told regarding the Nelson river, is that right?—A. Yes.

Q. Did you have anything to do with the Athabaska Fish Company?—A. I was also one of the directors of that company. I may say that all these companies were working in combination together, forming a part of what is, as I have already explained, the Anti-Trust.

Q. Exactly.—A. And we financed the Athabaska Fish Company one season for its operations in the Lesser Slave lake; that is our syndicate did.

Q. How did you pan out on that, did you make or lose?—A. We lost.

Q. That is on Lesser Slave lake?—A. The operations on Lesser Slave lake were only carried on during the winter season. Lesser Slave lake is 200 miles north from Edmonton, and there being no water communication you could only bring down the fish in a frozen state in sleighs. It was represented to us that the supplies going up, to the Hudson's Bay Company were going up in teams, which came back empty and that if we would operate there we would have a reasonable rate for bringing out the supplies. These representations were made to us, I may say, before ever we got the lease. If I remember correctly the Hudson's Bay people were paying about \$3 per pound for freight from Edmonton to Athabaska Landing.

*By Mr. Carvell:*

Q. \$3 per hundred pounds, isn't it?—A. \$3 per hundred pounds, I should say, and the rate was split so that they got two cents per pound going up and two cents coming back, the teamsters getting the benefit of it going up and the settlers of the district getting the benefit on their supplies coming in. We equipped, I may say, the lake up there at an expenditure of probably \$2,000, or \$3,000, I think it was, and gave supplies in the shape of nets, &c., to the settlers and during that winter a number of carloads were shipped from Edmonton. The loss in connection with the operations of that winter amounted to \$7,000.

Q. That is on the Slave lake, what did the outfit cost?—A. About \$2,000 or \$3,000 I think, that can be verified by Mr. Mackenzie.

Q. So that on that state of affairs you were out on that winter's operations, of the Athabaska Fish Company, \$9,000?—A. Something like that. We only operated one winter and then we came to the conclusion that we would endeavour to have a railroad built up there. A syndicate of us got together and got a charter, and subject to certain conditions, and arrangements being made, we have the necessary capital at our back for building it. If we can build that road for the 100 miles from Edmonton to Athabaska Landing we think we can resume operations there and bring out fish at a profit, but it will all depend upon the condition of the market in the United States.

Q. The road is not built yet?—A. No.

Q. That is still in an embryonic condition?—A. Except that we have the capital together.

Q. Did you do any more exploration on Athabaska lake afterwards?—A. Yes, Mr. Ames put that question to me at the last meeting of the committee the other day. Last fall we sent up an exploration party to Lake Athabaska, travelling by way of Athabaska Landing, up to Athabaska river to Lake Athabaska. This report cost us something between \$1,200 and \$1,500, I haven't got it in the shape of a report yet, to make to the department, but I have the daily diary of the foreman in charge of the operations; some fifteen pages it covers, all told. I told Mr. Ames the other day I would turn it over for his perusal if he would like to see it during the examination, but I did not wish to leave it, because I will put it in the shape of a report to be made to the department—I may put it in in the shape it is, but if I have time I would prefer to submit it in proper shape as a report.



Q. That is an expenditure in addition to the \$9,000 you have already spoken of?  
—A. Yes.

Q. That stands you \$11,000 to date?—A. Yes, and no returns.

Q. Without any return?—A. Yes.

Q. So you have told us now all of your operations regarding the Nelson river and Athabaska lake?—A. Yes, and Lesser Slave lake.

Q. And the figures you have given us are approximately correct as to how the financial end of it stands?—A. Yes; I may say that I have sent in during the last few days a report to the department regarding the last year's operations or non-operations. The companies have suspended operations for the present, more particularly as there is and has been for a year past in the United States a large surplus supply of fish in the hands of the Booth Trust. They have their refrigerators full, and it is almost impossible for you even to get a few carloads into the United States and sell them at a profit. They control the supply houses, and if any substantial quantity of fish is put on the market by somebody opposing them they immediately unload a large quantity of their own fish at cost. Their tactics in recent years have changed. Some years ago they used to buy up their opponents, now they crush them in another way by selling at cost. And as our opposition has not got the large facilities the Booth Company has for the storage of fish in the United States and the connection with the supply houses, the Fish Trust being also financially interested in most of the supply houses, it seems impossible at the present time to successfully carry on operations in opposition to the Trust.

*By Mr. Jackson (Selkirk):*

Q. Explain to us about the market in Canada?—A. The market in Canada? It would not pay anybody to fish exclusively for the purpose of supplying this market.

Q. Does not the market require fish?—A. I may say you require fish in Canada, but it is an expensive matter to fish. The Fish Trust could fish in Lake Erie and ship to Winnipeg whitefish cheaper than you could get it down from Nelson river, fishing for the Canadian market only.

*By Mr. Pardee:*

Q. To Winnipeg?—A. Yes; that is to say, if you were operating on the Nelson river for the Canadian market only. Only a very small percentage of the fish that is produced in Canada can be used on the Canadian market. Even if Canada put up a wall against foreign fish, I would not undertake to fish the Nelson river for the Canadian market. It would not pay. The quantity would be so small that the expense of operating would be too great. Canada obtains her fish at such a low rate because the operations are carried on on such a large scale, probably 90 per cent—over 90 per cent—of the fish being exported; and it is only by doing it on a large scale that the Canadian public can get their fish at such a low price.

*By Mr. Carvell:*

Q. Where does the immense quantity of fish that you say the United States Trust have stored come from?—A. Of course, from——

Q. From what source?—A. I think it was calculated that only about one-tenth came from Canada. They have got it stored in Buffalo, Chicago and Cleveland——

Q. I was not so anxious as to that, but I was anxious to ascertain the source of supply?—A. It was reported to me that Lake Erie last year produced a larger quantity of whitefish than it had produced for very many years.

Q. And was the quality as good as that of the Nelson river whitefish?—A. I am not in a position to say. The best quality of whitefish comes from the Georgian bay.

Q. So, even with the rental of \$10 a year, you have not made that amount?—A. No, we have not made the \$10.

*By Mr. Northrup:*

Q. Surely you are not going to suggest a reduction in the rental, are you?—A. The

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\$10 is based upon the amount which is set forth in the Statute as the amount to be paid by a company for a commercial license. Messrs. Coffey and Merritt got what they thought was a lease of Cumberland and Cedar lakes and they are paying \$200 a year. It transpired afterwards that about all they had was a licence to fish for which they should have paid \$10. I think the government, therefore, should refund them the other \$190, because the moment they collected the \$200 from Messrs. Coffey and Merritt they proceeded to grant other licences. That is to say they granted domestic licences which are issued at \$2 a year. Messrs. Coffey and Merritt operated in those lakes but as soon as they had exploited the property the department proceeded to issue \$2 licences. These were issued at the instance of the representative of the Fish Trust who went alongside of Messrs. Coffey and Merritt and operated. They paid \$2 for each of the settlers around there and the fish was brought into their boats.

*By Mr. Pardee:*

Q. You are now speaking of Messrs. Coffey and Merritt?—A. Yes, Coffey and Merritt were paying \$200 a year, while the Fish Trust were getting fish for \$2.

Q. That was the Trust's method of getting after them?—A. Of course, that is the way the companies operate. Had Coffey and Merritt an exclusive right they would have put the Trust off their fishing ground, but they could not. I understand they protested to the department here, but the department would not protect them, and I have heard recently that they have threatened to abandon their fishing operations there.

*By Mr. Jackson (Selkirk):*

Q. You spoke about the Pigeon river?—A. Yes.

Q. There is a lake stocked with fish at the upper end, would it be very expensive to get out?—A. I do not think that is in our lease.

Q. Not Pigeon river?—A. Pigeon river is in our lease.

Q. That runs into a lake at the upper part?—Are you acquainted with the country?—A. I am aware of the situation of Pigeon river, but I do not know whether this small lake is in our territory.

*By Mr. Carvell:*

Q. You have Pigeon river and the tributary waters in the District of Keewatin?—A. That might be a tributary water. Mr. Mackenzie may be able to tell you that. He had charge of the exploration party into that country, at least he sent the party up. I don't know that he went personally. If more accessible waters could be obtained it is possible that we might successfully operate in opposition with the Trust. At the present time they are operating waters which are near the line of communication with the railways. They can bring their fish out very cheaply, but we cannot successfully do it.

*By Mr. Ames:*

Q. When your transportation facilities are improved and these waters are rendered more accessible do you expect to operate your lease profitably?—A. It will require, Mr. Ames, I believe, a capital expenditure of one million dollars. I would not say we could make one dollar of profit unless we put up a million dollars and bucked the Trust.

Q. A million of dollars to go entirely into your fishery operations?—A. Yes. That is to say, I would have to arrange my supply houses in the States, I would have to finance a number.

*By Mr. Carvell:*

Q. Does that mean that you would have to put up a million of dollars even if you had transportation facilities?—A.—Yes, it would require a million dollars, and a very large proportion of that would be for organization in the United States.

*By Mr. Ames:*

Q. The conditions may change considerably during the 42 years before your lease expires?—A. You are very much more optimistic in regard to the condition of these fisheries than I am. Possibly if you think that I can make a very liberal proposition to you. You may be possibly relying somewhat upon the Canadian market. I do not think that there is any prospect of the population in the Canadian market during the term of this lease being such as to render fishing operations financially successful.

Q. There will be a very large number of people living in the new provinces 35 years from now?—A. Do you forget that the operations commence 400 miles north of Selkirk and while, of course, it is possible that a railway may be built following the line of the shore of Lake Winnipeg and the line of the shore of the Nelson river when operations might be carried on with a profit, still that is extremely improbable because it would mean a line built for the benefit of the fish companies alone; and I do not think that you are going to get the fish out of those waters and brought down for export purposes, at any rate not while the existing conditions in the fish market last.

Q. How far will you be from the line of communication if the Hudson Bay Railway is extended from the Pas to Fort Churchill?—A. I don't know. If we had a map here I could tell you. I should say two or three hundred miles.

Q. Do the rivers in which you have been leased fishing rights lie two or three hundred miles to the east of that?—A. Fort Churchill is several hundred miles to the west of us, you know, and our rivers run easterly from Lake Winnipeg.

Q. I suppose you have water communication right down to Hudson bay?—A. No, there are falls at different points; that is the reason of the construction of those tramways, to get around the falls.

Q. Then I would understand, Mr. Markey, that your company has no intention or expectation of furnishing fish to the Canadian market. The whole idea was to take fish out for a foreign market?—A. No, some of it was supplied to the Canadian market. All that the Canadian market required. For instance, we had an affiliated company in Toronto, the James Fish Company, Toronto, which our people are also interested in some of our syndicate are interested as stockholders there. We shipped down to Mr. James whatever he required. I remember one of the first cars coming out of Lesser Slave lake was shipped to him in Toronto.

Q. You have told us already that even if you had a monopoly of the Canadian market it would not pay you to develop the fishery there?—A. Yes, if we had a monopoly it would, because we could put the fish up to whatever price we desired. But I meant to say if we had a monopoly against the American Fish Trust.

*By Mr. Jackson (Selkirk):*

Q. Who did you supply in Winnipeg?—A. Mr. Mackenzie can probably tell you that. He looked after the practical operations up there.

*By Mr. Northrup:*

Q. When you commenced your operations, when you first made your application, you were merely acting for clients, I understood?—A. Yes.

Q. Then as soon as the lease was granted you made it over to this company?—A. Yes.

Q. And you became president of the company?—A. Yes.

Q. Have you the charter of the company showing what its powers are?—A. I haven't it here.

*By Mr. Pardee:*

Q. I suppose it is an ordinary charter for carrying on the fishing industry in all its branches?

*By Mr. Northrup:*

Q. Does it give you power to purchase stock in other companies, Mr. Markey?—



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A. I do not know whether there is special power given to purchase stock in other companies, but under the Joint Stock Companies' Act, with a vote of two-thirds of the shareholders, we get that power.

Q. I was just wondering how your charter was, sometimes these charters confer very wide powers?—A. They are under letters patent.

Q. But even under letters patent there are sometimes very wide powers given—

*By Mr. Carvell:*

Q. Is it under the Ontario statute?—A. It is a Dominion patent. You can see what the powers are by reference to the 'Official Gazette' in the month of April, 1904.

*By the Chairman:*

Q. And in the report of the Secretary of State?—A. Yes, it is in the report of the Secretary of State also, and the 'Official Gazette' will give it.

*By Mr. Northrup:*

Q. Then as soon as you obtained this lease, about the same day, you made it over to this company?—A. I left Ottawa on the afternoon of the day that the lease was granted, and I executed the transfer to the company that night.

Q. What is the capital stock of the company?—A. \$250,000.

Q. How much of that has been paid up?—A. There are certain private arrangements among us with respect to that. I may say that I subsequently became financially interested in it, and there was a private arrangement between ourselves composing the syndicate for raising the money; therefore, the full cash capital was not provided, but that was a private arrangement.

Q. A certain number went into the company, and you made your own arrangements with the bank, so that the capital stock was not subscribed in the usual way?—No, it was to be kept as a close corporation among ourselves.

Q. Have you any objection to stating who the people are who are really interested in this company?—A. Myself, Mr. Fleming, Mr. Mackenzie—

Mr. PARDEE.—The witness need not answer that unless he chooses.

A. Oh, I don't mind. There is Roderick Smith—

*By Mr. Jackson (Selkirk):*

Q. Is that Mr. Smith, of Selkirk?—A. Of Selkirk; both those gentlemen, Mr. Mackenzie and Mr. Smith, belong to Selkirk; they are practical fishermen there. Mr. M. J. Dee, Detroit, he is president of the Wolverine Fish Company; Mr. E. E. Davis, he is manager of the Wolverine Fish Company. There are one or two other small stock-holders; the Hendries of Detroit—they have a small share, I believe. The Canadian interests would represent over 70 per cent, I think it would possibly exceed 80 per cent, the two outsiders being Dee and Davis, and the object, of course, as is apparent, in bringing these gentlemen in is that they are interested in the Anti-Trust, they are really running the Anti-Trust, and we had to rely upon them for the disposal of our supply, and we arranged regarding finances together.

*By Mr. Northrup:*

Q. So that, as soon as your company was organized, two Americans, who were at the head of one of the large American fish companies, were taken in?—A. The Anti-Trust.

Q. In order to secure a depot for the fish in the United States and to assist you in financing things?—A. Yes. I did not say to assist us in financing.

Q. You mentioned it yourself, I was only using your own words?—A. We have certain financial arrangements together. I may say it did have the effect of assisting us in financing.

Q. This was all done in 1904 and in 1905 you began to explore?—A. Yes.

Q. The only place, apparently, you did exploration work at, that year was in the Nelson river, you did not touch the others at all?—A. No, we did not touch them.

Q. I see by this lease that you were to expend a certain amount of money in the exploration, development, equipment and improvement of the said property hereby leased (clause 5)?—A. Yes.

Q. What would you understand by that? I do not see, looking over this lease, any property leased?—A. Property leased?

Q. I do not see any property leased under this document?—A. Well, in the first paragraph, about the 5th or 6th line, of the lease, it reads, "doth hereby demise and lease unto the said lessees the right to fish with nets or in any other legal manner." Possibly it is a misnomer, Mr. Northrup, to call it a lease. It is endorsed as a lease and it has always been called a lease. It is, however, nothing more than a licence.

Q. It is really a licence, you say?—A. It is a right to fish which we are given for a very large territory in the same way as the department grants the right to fish in consideration of \$10 to commercial corporations, the only difference being that in our licence, or right to fish, the department states that they will not, within a certain distance, grant anybody else the right to fish. We have commenced operations at one place on the Nelson river, and the department is free to grant a thousand leases if they like, or rights to fish, on other portions of the Nelson river, Great Slave lake, or any other territories they want to.

*By Mr. Carvell:*

Q. They can do that as long as they keep ten miles away from you?—A. From the spot where we are now, we don't care.

*By Mr. Northrup:*

Q. It is incorrect to call this a lease of any property you say?—A. I think it is, I did not think the word was used in the lease until I looked it up recently.

Q. Then on what property are you bound to expend \$50,000? Do you mean where the right to fish has been given?—A. It can only refer to that.

Q. It can only refer to that, but inasmuch as there is not any property leased it is evidently a mistake, and I would like to know where you think you have to spend the \$50,000, and in what way you consider yourself bound to spend \$50,000?—A. There can only be one meaning, the reference in the first paragraph, 'doth hereby demise and lease unto the said lessee the right to fish with nets,' &c., on certain territory. Now, as in the first part of this statement, the government has called it a lease, then when later they refer to the property hereby leased, it must necessarily mean the waters in the first paragraph. Therefore, my interpretation of it is that we have to expend that amount of money there.

Q. That is on the waters?—A. On the waters.

Q. How would you expend it on the waters, casting your bread on the waters do you mean?—A. In exploration there can be no question.

Q. By means of exploration then? Does it not strike you that your expenditure upon refrigerator plant erected on the shore could not, by any stretch of the imagination, be spent on the waters?—A. It is possible you might induce a court to take that view but it is a very, a very fine legal distinction.

Mr. PARDEE.—Do you say that no money could be spent on a fishery?

Mr. REID.—On the waters.

Mr. PARDEE.—Well, on the waters. Do you say there is no company doing that.

Mr. NORTHROP.—I want to know how they propose to make this expenditure on the waters.

The WITNESS.—That is in accordance with the interpretation placed on the lease by Mr. Northrup. Do you think it fair to ask me to make an admission of that description when I may have to go into court some day and defend the expenditure of the money.

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*By Mr. Jackson (Selkirk):*

Q. Are the docks not built on the water?—A. The docks are built on the water.

Q. And you would have a building on the dock in connection with your fishing operations?—A. Yes, and there would be a number of fixtures in the water.

Q. Is that not the case on Lake Winnipeg?—A. Some of the structures would be built out in the water. It is a fine legal distinction that Mr. Northrup is making.

*By Mr. Northrup:*

Q. According to the lease, \$100,000 has to be spent in exploring, developing, equipment and improvement of the said territory. Now, the reason I am asking——?—A. I don't think I should be called upon to interpret my lease in that respect.

Q. The reason I am asking the question is that a statement has been submitted to the government showing a large expenditure and a part of that expenditure is for groceries and other goods that are used in trading with the Indians?—A. That should not be, possibly those supplies should not have been added.

Mr. PARDEE.—Yes, they should.

The WITNESS.—When the minister wrote to me for certain information in order that he might make his return to the House, I gave my stenographer instructions to copy our last inventory, and it was copied holus-bolus; but there is sufficient, I think, outside of that in the way of expenditure, a large surplus to cover the terms of my lease.

Q. Possibly. I am trying to find out what your expenditure was according to the lease. If you had a large expenditure for supplies to the natives, that would not be an expenditure such as is called for by the fifth clause of the lease?—A. I would not say that all these supplies would be given to the natives; a large portion of it would be consumed by our own employees. We will say expenditure in the actual work of exploration and so on.

*By Mr. Pardee:*

Q. You could not get on without such expenditures?—A. They would starve up there, they could not live on the fish.

*By Mr. Northrup:*

Q. Have you any statement showing the number of settlers you have employed there?—A. They would vary at different times. I could not say, not having been on the spot. I don't think our company would keep any report of employees of that character for the reason they are really not employees. They are given nets and so on and they go out to fish and they bring their fish to the boats or refrigerators. The catches are checked up and weighed, the amount is placed to the credit of the settlers, and they go to our stores and get their supplies and we balance up at the end of the season.

Q. All that could not be done if you did not have the supplies?—A. No.

*By Mr. Northrup:*

Q. There is a question involved in your statement about the American trust having the right to pay \$2 for a man and he can go in and fish the same as you can. Only one man can fish under that \$2 licence, is not that the fact?—A. That is a fact but what the American trust or the fish company will do is, their boat will go in there and they will give these fishermen \$2 to pay for their licence and they will have perhaps 100 employees.

Q. That does not touch the point which I am raising, and that is that each man who pays \$2 can only fish for himself.

Mr. PARDEE.—And they can employ as many as they like.

The WITNESS.—It is \$10 if you want a commercial licence.



*By Mr. Northrup:*

Q. It would be \$10 for a commercial license if you wanted to sell to the company; would it?—A. No, not to sell. A commercial license if granted to a company would cover all these employees, if I remember right.

Q. Then you understand, under the fishing laws of the Northwest, your company could by paying \$10 obtain a fishing license and allow all your employees to fish just as they can to-day?—A. That is my impression. I have not looked at the law recently. It was before me on the last occasion when I discussed the matter with the Honourable Mr. Prefontaine under the lease which has been granted.

Q. Then the only advantage under your lease, you would contend, would be under the 9th clause which gives what is called a right?—A. By it we could shoo the trust out of our territory and that was the *raison d'être* of the lease.

Q. And under that if you choose to put up any fishing or refrigerating stations nobody else would be allowed to fish within 10 miles?—A. Mr. Northrup, if we had attempted anything of that kind, that is to say by putting up a shanty and calling it a fishing station I think that the minister would have intervened under another paragraph of the lease to the effect that where the fishery is being operated to the prejudice of the public the lease may be cancelled on three months' notice. We had to operate in good faith and to keep faith with the minister and the Department of Fisheries, otherwise we would have been put out of business in three months and all our plant converted into scrap.

Q. Will you show me any clause in the lease that requires you to operate at any particular places?—A. No.

Q. None whatever. So that if you operated on any of these rivers or lakes that was complying with the lease?—A. I think that it would be within the discretion of the minister to say, the extent.

Q. Does that not depend wholly upon your lease?—A. The lease is very broad and the powers of the minister are very broad in regard to cancelling a lease on three months' notice; and if a company attempted anything of that kind the minister would certainly—any minister would—exercise that three months' provision and, as I said before, cancel the lease, and render the whole of the plant of the company scrap.

Q. Tell me under what clause in this lease the minister would have power to cancel your lease providing that you were *bona fide* operating in any one place in each of these waters?—A. I can understand what you are driving at. It has been suggested that the companies might put up a shack every ten miles along the Nelson river and thus preserve to themselves right to fish for the whole river.

Mr. CARVELL.—That is it.

The WITNESS.—That would not be a compliance with the spirit of the lease while it might be with the exact terms. But the minister is reserved the power under paragraph 6, that if the said lessee or the company shall fail or neglect, &c., so as to prejudicially affect the public interest, the minister may give or cause to be given three months' notice.

*By Mr. Northrup:*

Q. There are no such words there, I object to your reading them?—A. (reads: 'The minister may give or cause to be given three months' notice in writing to the said lessee or the said company, that the term of the lease by these presents created will be determined and cancelled, and the said term and lease shall thereupon and hereby be determined, ended, and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created without indemnifying the said lessee or the said company for any improvements that may have been done, and His Majesty may thereafter, without let or hindrance from the said lessee or the said company, resume possession of the said fishery and the privileges by these presents hereby created, and may continue to enjoy the same, or re-let them to others as His Majesty may deem fit.' My answer to your question, Mr. Northrup, is that if we put up stations of that character every ten miles along the Nelson river I do

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not think we could successfully contend that we were not operating in a manner as would prejudicially affect the public interests, and therefore the minister would immediately proceed to cancel the lease, and I would have no hesitation in admitting his right to do so.

Q. Excuse me, so far, so good. Now, I am going to ask you, Mr. Markey, to show me any such words in that lease, 'so as to prejudicially affect the public interests.' They are not there except in conjunction with other words which alter their meaning. You will find that they are preceded by the words 'contrary to the terms of this lease,' and then it goes on, 'so as to prejudicially affect the public interests'?—A. I will read the whole clause. You are endeavouring to bolster up and strengthen my lease, and go further than we, the company would be prepared to maintain ourselves. The clause reads :

'6. That if the said lessee or the said company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof.'

Q. That is one thing, if you do not pay the rent?—A. (reads): 'or shall neglect or fail to perform any of the other conditions, terms, or provisions hereinbefore mentioned.'

Q. That is two things?—A. (reads): 'or if the said fishery is being improperly operated by the said lessee or the said company.'

*By Mr Carvell :*

Q. That is three things?—A. (reads): 'contrary to the terms of this lease, so as to prejudicially affect the public interests.'

Q. That is four things?

*By Mr. Northrup:*

Q. No, only three?—A. (reads): 'The minister may give, or cause to be given, three months' notice in writing to the said lessee or the said company that the term of the lease by these presents created will be determined and cancelled.'

Q. The words are 'or if the said fishery is being improperly operated by the said lessee or the said company, contrary to the term of this lease, so as to prejudicially affect the public interests, the minister may give, or cause to be given, three months' notice,' etc.

Mr. CARVELL.—You had better argue that before the Supreme Court.

*By Mr. Northrup:*

Q. There is nothing to argue about, because we come back to my original question that in case you are operating 'contrary to the terms of this lease, so as to prejudicially affect the public interests,' now I ask you again, if you were putting up shacks along the Nelson river every ten miles and *bona fide* operating one place on those waters, under what words in that lease could the minister cancel it?—A. We have always construed that, and so it was construed at the time, and I am prepared now, in the name of the company, to place that interpretation upon it, that we are bound to operate this lease in a manner to the satisfaction of the government or the Department of Marine and Fisheries, and if we do not do so they would have the power to cancel it. On the other hand, if going further, under the clause by which they may lay down regulations from time to time, it would not be a difficult matter for them to lay down such regulations that we would be put clean out of business and the whole of our plant rendered scrap.

Q. But that would apply to anybody; the government could not make any regulations that would apply to you that would not apply also to everybody else?—A. Oh, yes; regulations are passed regarding particular waters.

Q. Certainly, but with regard to certain waters and everybody that fished in them.

*By Mr. Carvell:*

Q. As a matter of fact, you did not do any such thing as put up bogus shacks all along the whole ten miles?—A. No.

*By Mr. Northrup:*

Q. No; but in case that you had put up such shacks on any of the lakes or waters for fifty miles, under what clause would the minister have the right to cancel the lease?—A. I never considered such a thing for a moment, and if I had considered it I would have been a fit subject for a lunatic asylum; because we have to operate in a manner satisfactory to the Marine and Fisheries Department, and nobody could operate successfully in this country under such conditions against the department.

Q. But I want to know where are the words that would bear out what you say. You say that those words are 'so as to prejudicially affect the public interests'?—A. Yes; and, as I say, that we would be forced, under the first clause, to 'conform in every respect to the provisions, enactments and requirements of the fishery laws now, or which may hereafter be enforced, and comply with all the rules and regulations that may have been or that may from time to time be adopted or made by the Governor General in Council relative thereto.'

Q. Supposing this tremendous American Fish Trust could obtain the privileges you have, would they be of very great value to them?—A. Oh, for the purpose possibly of keeping somebody else off these waters.

Q. Couldn't they operate them in such a way as to make money?—A. There are so many other waters that would be, as I have found by experience, in a much better position than we are in that respect.

Q. You mean to say that if the American Fish Trust had this very lease which was granted to you, it would have been of no practical value to them?—A. Yes, it would.

Q. Why were you and your colleagues so anxious to get a lease of this kind that seems so valueless?—A. We hadn't got the experience then that we have now. We have learned a little of the fish business since then.

Q. Perhaps you have learned something of the competition. I understood from your statement that you haven't only formed this company, the British American Fish Company, but you have gone into some other arrangements with some Winnipeg company, with Mr. Mackenzie and the Imperial Fish Company?—A. Oh, yes; some of us, some of our members are also shareholders in Mr. Mackenzie's company.

Q. And that company's preserves are where?—A. They have no preserves at all.

Q. They are just an ordinary fish company?—A. They have been operating for some years on Lake Winnipeg, and one of the reasons for these waters being obtained was that the Imperial Fish Company might also operate, supplying the Anti-Trust and forming a combination together, without which combination we could not be successful in the United States.

Q. And so, as soon as your company was formed, it went practically into partnership with another big fish company which hadn't any exclusive rights at all?—A. Practically an affiliation, not a partnership, there was no written partnership.

Q. You went into affiliation with another company which had no exclusive rights, but many of whose members were common to your members?—A. Yes, and in the United States, too.

Q. I do not understand; in the United States?—A. And in the United States too, they are all affiliated together in the United States.

*By Mr. Loggie:*

Q. That is the Buckeye Company, and there is another company that you are connected with?—A. Yes.

*By Mr. Bristol:*

Q. You mean that the Imperial Fish Company is affiliated with those?—A. That certain individuals are interested in all these companies.



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Q. And they are interested in your company also?—A. Yes. I have given the names.

*By Mr. Northrup:*

Q. So we have at least two fish companies operating in Canada?—A. The Dominion and the Imperial Fish Companies, the Dominion is the representative of the Trust.

Q. Let us see how many companies your company is interested in. There is the Wolverine Company, you are interested with them?—A. Yes, that was our main outlet, they are in Detroit, and they probably have 15 or 20 more companies connected with them, jointly interested in one another, located in New York, Cleveland, Buffalo, Chicago and different places where they distribute. For instance, if we sent down seven carloads of fish—

Q. We are not interested in all these details, just tell us how many?—A. Really I do not know how many, but there is a whole string of them.

Q. There is a whole string of companies that the Wolverine Company is connected with. We have started out with the fact that your company is interested with the Wolverine Company and with the other companies connected with it. Is there any other company?

*By the Chairman:*

Q. I think you named the Buckeye?—A. The Buckeye, they are interested with us.

*By Mr. Northrup:*

Q. Is the Buckeye connected?—A. They are connected with the Wolverine. You just get round in a little circle again.

Q. Is there any other American company that your company is connected with?—A. Not directly.

Q. It is only from the connection with these two companies?—A. Yes.

Q. Through the connection with these two companies you are brought into connection with a great many?—A. Yes.

Q. And I suppose your company could not do business at all if you had not the assistance of these American companies?—A. No. There was one company last year that attempted to come down independently. I believe something like thirty or forty carloads of fish were taken out over the new line of the Canadian Northern railway and shipped down to the States. A hold-up was played upon that company and a syndicate—it was a New York syndicate—lost a considerable amount of money. I heard that the Trust ultimately bought the fish of that syndicate in the States for a cent a pound.

Q. From the very beginning then your company was connected with these American companies?—A. Necessarily so. You could not do business otherwise. You cannot do business on your own bottom alone, except as I say, with one million capital and a good, able and energetic manager that can work up the organization.

Q. There were a number of other leases besides your own. Was your company connected with any of the other leases we have had before us; for instance, there is the Mackenzie lease?—A. We are connected also with the Mackenzie company; that forms part of the combination. At Selkirk there was the Imperial Fish Company and the Ewing and Fryer Company. We are interested also in the Nelson River Packing Company, in connection with the Northwest Fish Company and the Northern Fish Company. These companies were all operating in opposition to the Booth Trust and the Dominion Fish Company.

Q. These were all the companies operating in Canadian waters, were they?—A. So is the Dominion Fish Company. They are all operating in opposition to the American Fish Company which is in affiliation with the American Fish Trust. It was our intention to render such assistance to one another, irrespective of financial considerations, as we could; to form this company, and to supply the two main outlets

in the United States—that is to say the Wolverine Company and the Buckeye Fish Company. That was the intention that I was trying to carry out.

*By Mr. Carvell :*

That was to operate as against the Trust?—A. As against the Trust.

*By Mr. Northrup :*

Q. I was trying to find out how many of the leases that we have here are practically under the control of this combination of companies. There is the McNee lease, for example?—A. We have nothing to do with the McNee lease.

Q. Then there is Merritt and Coffey?—A. Merritt and Coffey are operating with us in the friendly combination bucking the trust.

Q. And Mackenzie in the same?—A. Mackenzie in the same way.

*By Mr. Pardee :*

Q. You are not financially interested in the lease of Merritt and Coffey?—A. No, we have no financial interest in their company.

Q. Do not leave the impression that you have because it would mix the whole thing up?—A. It is a friendly combination that is all.

Q. You are not financially interested in it?—A. No.

*By Mr. Northrup :*

Q. The Dominion Fish Company is the Canadian representative of the American Trust, is that it?—A. Yes.

Q. That is the one you are fighting?—A. That is the one we are fighting.

Q. I think you said in the early stages of your examination that the Booth Company is at the head of the trust?—A. It is called the Booth Company. It is an incorporated company, a very, very large company. I understand most of the capital was obtained in England and a combination made some years ago, and they bought up all these supply houses. They own all the supply houses.

*By the Chairman :*

Q. It is really the American Fish Trust?—A. The American Fish Trust.

*By Mr. Northrup :*

Q. It is known as the American Fish Trust?—A. Yes.

Q. The combination of companies with which you are identified is nearly as large as the Trust itself?—A. Oh, no.

Q. These are very large companies in the combination, are they not?—A. I cannot say what their aggregate capital would be, not knowing all their connections. The Wolverine Company is not a company of very large capital nor has the Buckeye Company a very large capital. They have a large capital when affiliated, but how far they would be financially interested in say the concern in Buffalo I could not tell you.

Q. What I am trying to get at is, there are quite a number of these companies that work together to fight the Trust as you call it?—A. Yes.

Q. And the combination of these, if put together, would be very large?—A. It would be quite a large combination.

Q. A very large combination?—A. It is a combination which has arisen since the formation of the Trust.

Q. And it has power to hold its own against the Trust?—A. I don't know how they are doing. They have a very hard row to hoe. I have heard lots of squealing now and again.

*By Mr. Carvell :*

Q. Have you your copy of the original lease?—A. Yes, it has been here before me during the whole of my examination.

## APPENDIX No. 1

Q. I would like to have this original lease ?—A. They have made a copy since the last meeting of the committee.

Q. Was it made from your original copy ?—A. Yes, I loaned it to Mr. Venning since the last meeting of the committee and he has made a correct copy.

Mr. CARVELL.—I just wanted it understood that there is no doubt that we now have on the files of this committee an exact copy of the original lease.

Mr. NORTHROP.—I understand from the letter read that in 1904 there was a debate in the House and Mr. Prefontaine brought the original over to the House and it was read. It disappeared, however, but the records of the House apparently contain the terms of that lease and the department has reconstructed it from *Hansard*.

The WITNESS.—No, no. Mr. Venning will tell you, I think, that the department has made a copy from my copy of the original.

Mr. CARVILL.—It was not reconstructed from the debates of the House, but actually copied from Mr. Markey's original duplicate of the lease. If there is any question about that I would like to have Mr. Markey's duplicate original put in the evidence.

Mr. NORTHROP.—I do not say what is here now is not a copy of the original ; I know nothing about it.

*By Mr. Carvell :*

Q. Then I want to ask you, Mr. Markey, have you in your possession now your duplicate of the original of this lease ?—A. Yes.

Q. It is signed by Mr. Préfontaine and yourself ?—A. Yes.

Q. Now has the copy which has been submitted here this morning by the Deputy Minister of Marine and Fisheries been taken from your duplicate of the original ?—A. According to the report of the Deputy Minister of Marine and Fisheries it is. Mr. Venning will swear whether it is a true copy. I have not compared the two.

Q. Did you hand your duplicate original over to the department for the purpose of a copy being made ?—A. I did about a week ago.

Q. And this morning a document has been brought here which purports to be a true copy ?—A. That is it.

Q. Will your duplicate original be at the disposal of any member of the committee at any time they wish it for the purposes of comparison ?—A. At any time, yes.

Mr. NORTHROP.—I notice in the copy brought down this morning there is an addition to the waters leased as compared with those in the copy of the lease which we had before. Pigeon river was not in the copy of the lease first brought down.

Mr. CARVELL.—It is in the copy of the duplicate original brought down now.

The WITNESS.—In my duplicate original I find the words 'also that portion of the Pigeon river and the tributary waters in the district of Keewatin.'

Mr. NORTHROP.—Exactly.

The WITNESS.—That limited the extent of the Pigeon river that we were given the right to fish in. I think we were not given the right to fish in the Pigeon river within the province of Manitoba, if I remember correctly. We had a lot of discussion about that.

*By Mr. Northrup :*

Q. The copy of the lease first brought down had no reference to the Pigeon river at all ?—A. No, it is in the original lease.

*By Mr. Jackson (Selkirk)*

Q. Are you aware that the Pigeon river does not extend out of the province of Manitoba ?—A. There is one portion of it in Keewatin, and we are only given that Pigeon river in Keewatin and not the portion of it in the other district.

Witness discharged.

Committee adjourned.



## (APPENDIX TO EVIDENCE, APRIL 28TH, 1908.)

COPY of lease to F. H. Markey, accompanying letter of Mr. Desbarats of April 23rd, 1908.

THIS INDENTURE, made in duplicate the nineteenth day of April, One Thousand Nine Hundred and Four.

## BETWEEN

HIS MAJESTY THE KING, represented by His Minister of Marine and Fisheries for Canada, hereinafter called 'The Minister,'

Of the First Part;

## AND

FREDERICK H. MARKEY, of the City of Montreal, in the Province of Quebec, hereinafter called 'the Lessee,'

Of the Second Part;

WITNESSETH that in consideration of, and subject to the rents, covenants, conditions and provisions hereinafter reserved and contained, and on the part of the Lessee to be paid, observed and performed, the Minister, under authority of the Fisheries Act, doth hereby demise and lease unto the said Lessee, the right to fish with nets, or in any other legal manner, to take and catch all kinds of fresh and salt water fish, and sea-foods of any kind, in and upon the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river, from Cape Tatnam to Owl river, extending three miles from shore; also Hayes river and tributary waters, in the district of Keewatin; also that portion of the Pigeon river and the tributary waters, in the district of Keewatin; also the waters of Great Slave lake, in the district of Mackenzie.

PROVIDED that the above lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore, on the distinct understanding that the right of fishing for their own use, but not for commercial purposes, is hereby reserved to settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company;

To have and to hold unto the said Lessee, subject as aforesaid, for and during the term of twenty-one years, to be computed from the 1st day of May, A.D.1904, and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty or His Successors yearly and every year during the said term the certain rent and sum of Ten Dollars to be paid annually and in advance;

SHOULD the said Lessee conform to all the terms and conditions of the present lease, and should establish at the termination of the said period of twenty-one years that he, or the Company hereinafter mentioned, has expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least One Hundred Thousand Dollars, then he or the said Company shall have the option of renewing the present lease, subject to the same terms and conditions, for a further period of twenty-one years.

THESE presents are made and issued subject to the following provisions, terms and conditions:—

1. That the said Lessee or the said Company, shall in the use and occupation of the fishery privileges hereby leased, conform in every respect to the provisions, enactments and requirements of the Fishery Laws now, or which may hereafter be in force, and comply with all the rules and regulations that may have been or that may from time to time be adopted or made by the Governor General in Council relative thereto.

2. That the said Lessee shall not transfer his interest in the present lease, except to the British-American Fish Corporation, Limited, for which letters patent have been granted by the Governor General in Council, without obtaining the written consent of the Minister, or that of some other person or persons authorized to grant the same.

## APPENDIX No. 1

3. That the said Lessee or the said Company shall not have any right or claim to indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased.

4. That the said Lessee or the said Company shall annually make a full return of details and particulars to the Department of Marine and Fisheries of the operations carried on in every branch of the fishery hereby leased.

5. That the said Lessee or the said Company, shall, during the three years following the 1st day of May, 1904, expend a sum of at least One Thousand Dollars per annum in the exploration of the territory hereby leased, and during the period of ten years from the 1st day of May next, shall expend and lay out at least Fifty Thousand Dollars in the exploration, development, equipment and improvement of the said property hereby leased.

6. That if the said Lessee of the said Company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisions hereinbefore mentioned, or if the said fishery is being improperly operated by the said Lessee or the said Company, contrary to the terms of this lease, so as to prejudicially affect the public interests, the Minister may give or cause to be given three months' notice in writing to the said Lessee or the said Company, that the term of the lease by these presents created will be determined and cancelled and the said term and lease shall thereupon and hereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created without indemnifying the said Lessee or the said Company for any improvements that may have been done, and His Majesty may thereafter, without let or hindrance from the said Lessee or the said Company, resume possession of the said fishery and the privileges by these presents hereby created, and may continue to enjoy the same or relet them to others as His Majesty may deem fit.

7. The said Lessee or the said Company shall not take from the said waters any sturgeon weighing less than twelve pounds, nor any whitefish, trout, or cat-fish, weighing less than two pounds, nor any yellow pike weighing less than one and a half pounds.

8. That the said Lessee or the said Company shall be liable for any damage or loss that may accrue to His Majesty by reason of any act or neglect of the said Lessee or the said Company in connection with the said fishery and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith.

9. His Majesty reserves the right to grant other leases in and upon said rivers and lake; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station erected by the said Lessee or the said Company thereon or in said lake within a limit of fifty miles from any such station erected on said lake.

IN WITNESS WHEREOF the Minister hath subscribed his hand and seal of office, and the Lessee hath hereunto set his hand and seal.

(Sgd.) R. PREFONTAINE. (Seal.)

(Sgd.) F. GOURDEAU.

(Sgd.) FRED. H. MARKEY. (Seal.)

Signed, sealed and delivered  
in the presence of

WITNESS

(Sgd.) R. N. VENNING.

## HOUSE OF COMMONS.

COMMITTEE ROOM No. 32,  
WEDNESDAY, April 29, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of \$10 by the British American Fish Corporation, annual rental of lease of Nelson and other rivers in Keewatin, and Great Slave Lake in Mackenzie district, to May 1, 1906; also payment of \$10 by Arch. McNee, Windsor, Ont., annual rental for lease of James bay for 1907; also payment of \$100 by Merritt and Coffey, Winnipegosis, annual rental for lease Cedar, Moose, Cormorant and Atikameg lakes to April 1, 1908, as set out at page P—198, Auditor General's Report for the period ended March 31, 1907.

JOHN K. MCKENZIE, called, sworn and examined.

*By Mr. Pardee:*

Q. What is your position, Mr. McKenzie, in connection with the Fish Company?

—A. I am manager.

Q. Of what? The British American Fish Company?—A. Yes, I have been manager of the British American Fish Company.

Q. For how long?—A. Oh, since it began in 1904.

Q. Now you heard the evidence that Mr. Markey gave here yesterday?—A. I did.

Q. As manager you had direct knowledge of what went on there?—A. Yes.

Q. You knew what expenditures were made?—A. Yes.

Q. You know what plant was put in?—A. I do.

Q. And you know, generally, as well as anybody, about the operations of the company?—A. I do.

Q. You heard Mr. Markey's evidence regarding the expenditure during the year 1905?—A. Yes, I did.

Q. And you know of your own personal knowledge that what he told the committee yesterday was correct?—A. Was correct, yes.

Q. It was further correct that, as to the amounts that were taken out in fish, that it had been a losing speculation?—A. Yes, a losing speculation.

Q. And the amount taken out never compensated by the amount he told us yesterday for the sum that was invested?—A. No.

Q. It never did?—A. No.

Q. For the reason, as he said, of its inaccessibility and its cost of operating?—A. Yes.

Q. That is the idea?—A. Yes, that is the idea.

Q. And you know of your own knowledge too that at least \$137,000 has been put into it, with the assets against that of the British American Company holding the securities of the Imperial Fish Company, and also the plant that they have there, that was put in by the British American Fish Company?—A. Yes.

Q. That is all they have to represent the amount of this \$137,000 or thereabouts, that is the security and plant as I have said?—A. That is all.

*By Mr. Crocket:*

Q. What does the witness say is all they have to represent that?

MR. PARDEE.—All they have to represent it is the security of the plant of the Imperial Fish Company and also the plant that was put in by the British American Fish Company.



## APPENDIX No. 1

By Mr. Pardee:

Q. And that plant of the British American Fish Company you value at the amount Mr. Markey gave here yesterday?—A. Yes.

Q. The plant on the Nelson river you value at the amount that Mr. Markey put in yesterday?—A. I do, between \$30,000 and \$40,000.

Q. That was the amount put in the plant?—A. Yes.

Q. You are not entitled, I suppose, to speak for the British American Fish Company as to what amount they would be willing to take for the plant now?—A. Oh, I could not say off-hand, but I am satisfied that the company would be prepared to take considerably less.

Q. They would take considerably less than it cost?—A. Yes.

Q. Then, as manager of that company you can say there never were any bogus claims put in for any ten mile stretches by way of putting up any would-be plants or stations in order to hold those ten mile limits?—A. No, sir.

Q. That never was done?—A. It never was done.

Q. The only thing that was done was to put in a *bona fide* plant, that was actually put in at a cost, as you have told us, of between \$30,000 and \$40,000?—A. That is right.

Q. And on that plant you stand, as far as the protection for the rights you have under the lease are concerned?—A. Yes.

Q. With regard to the Imperial Fish Company you are an officer of that?—A. Yes, I am the president.

Q. And the working arrangement that Mr. Markey told us of yesterday was made as between the British American Fish Company and the Imperial Fish Company?—A. It was, yes.

Q. That also was a losing venture? Or was it otherwise?—A. It was a losing venture, yes.

Q. Did you have charge or direction of the Athabaska Fish Company?—A. I did.

Q. Now Mr. Markey told us yesterday that was operated in 1904, a little, and in the winter of 1905, I think?—A. Yes.

Q. He said that the loss was \$7,000 or thereabouts?—A. It was fully that.

Q. And the outfit cost about \$5,000?—A. \$5,000, yes.

Q. That meant a total outlay of?—About \$12,000 or \$13,000.

Q. That meant a total outlay of \$12,000 or \$13,000 on Athabaska?—A. Yes.

Q. You have had considerable experience in the fishing business up there?—A. I have.

Q. And are there a good many difficulties surrounding it?—A. Oh, yes, transportation is the chief difficulty. The getting of the fish out of that country, after you have caught them, to the railway station is the great expense.

Q. Is there any outlet at the present time by railway for the fish?—A. No.

Q. How do you get them to your market?—A. We team them out some 200 miles from Lesser Slave lake to Edmonton.

Q. You team them 200 miles from Lesser Slave lake to Edmonton?—A. Yes.

Q. Which I suppose is a pretty costly proceeding?—A. It is very costly, in fact it costs—I think the rate that the traders there pay to the teamsters is something like \$4 per hundred pounds for taking goods in, but when we started operating there the teamsters taking the goods in for the traders used to take out the fish for us and they cut down the rate to the traders to 2 cents.

Q. Has there been a considerable amount spent in the exploration of these various fish licence limits?—A. On Lesser Slave lake we have spent in the fall of 1904, I think, for exploration, something like \$2,000 or \$2,500.

By Mr. Northrup:

Q. What company is that, please?—A. The Athabaska Fish Company.

*By Mr. Pardee:*

Q. That was spent in exploration alone?—A. Yes.

Q. Was there any other exploration done on any other waters?—A. Yes, last fall we sent a party out to Lake Athabaska and that cost us \$1,500.

*By Mr. Northrup:*

Q. Excuse me, that is last fall, the fall of 1907?—A. The fall of 1907, and in the fall of 1905 we sent a party up into the Pigeon river and that cost considerable.

*By Mr. Pardee:*

Q. That cost which?—A. I do not know the exact figures, but it cost something in the neighbourhood of \$2,000.

Q. Something in the neighborhood of \$2,000?—A. Yes.

Q. Then on the whole what you tell us is that this question of taking up fisheries in that country is a most expensive one?—A. It is very expensive.

Q. It is very expensive?—A. Yes.

Q. And up to this date the venture has been?—A. A failure.

Q. A decided failure?—A. Yes, decided.

Q. How long since you have been in that country, Mr. McKenzie?—A. Since I have been there?

Q. Yes, operating in this way?—A. I have been in the fish business for the past ten or fifteen years.

Q. So that you are absolutely a practical man in that line?—A. Yes.

Q. And you think if anybody could make it profitable you ought to be able to do it?—A. I think so.

Q. And from the best expert knowledge you can give it, in carrying on those operations you, as an expert fisherman, have not been able to make it a profitable venture?—A. No, I have not been able to.

*By Mr. Northrup:*

Q. You have been in the fishing business, you said, for some ten or fifteen years?—Yes, sir.

Q. When did you get your first lease from the government?—A. My first lease was in 1904.

Q. That is the one we have before us, then?—A. Yes, sir.

Q. That is the one dated May, 1904, I suppose?—A. Yes.

Q. That gave you the right to fish in the waters of Lake Athabaska and Lesser Slave lake?—A. Yes, sir.

Q. Then at that time you had been in the fish business about how many years? A vast and varied experience you had up to that time, I suppose?—A. Oh, yes, considerable experience.

Q. And in the light of your experience you thought it desirable to get a lease to finish in these two lakes?—A. I did at that time.

Q. Now, a little time before Mr. Markey had obtained a lease, had he, or was it after that?—A. Just before that.

Q. His lease, I believe, was assigned to the British American Fish Company?—A. It is.

Q. And yours was assigned to the Athabaska Fish Company?—A. Yes.

Q. Did you hold any position in the British American Fish Company?—A. I did, yes.

Q. What?—A. Manager.

Q. Did you hold office in the Athabaska Fish Company?—A. President.

Q. And you were the manager too?—A. Yes.

Q. Then did these two companies work together?—A. They did, yes.

Q. Was there any other company worked with those two companies?—A. Well, the Imperial Fish Company in Selkirk.

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- Q. What company was that, or did they have a lease?—A. No, they had no lease.
- Q. It was merely a purchasing company?—A. A purchasing and fishing company.
- Q. It was a producing company?—A. Yes.
- Q. How did they fish?—A. They fished over Lake Winnipeg.
- Q. Without a lease?—A. Without a lease.
- Q. Who is at the head of that company?—A. I am.
- Q. You are the head of the Imperial Fish Company?—A. Yes.
- Q. The three companies worked together?—A. Yes, sir.
- Q. Did any other company work with these three companies?—A. Yes, we have worked in with the Ewing and Prior Company.
- Q. What were they doing?—A. Fishing in Lake Winnipeg.
- Q. It is an incorporated company?—A. Yes.
- Q. Have you anything to do with it?—A. No, but working with them.
- Q. You just worked in 'affiliation,'—that is the term used here yesterday,—with them?—A. Yes, we sell to the same dealers in the United States as they do.
- Q. Was there any other company that worked with these two companies?—A. The Nelson River Packing Company.
- Q. Where did it do business?—A. In Lake Winnipeg and on the Nelson river.
- Q. Had they a concession?—A. Well, through the British American Company.
- Q. They had a concession through the British American Fish Company?—A. They worked with the American company.
- Q. Are you connected with the company?—A. I was.
- Q. What position did you occupy?—A. I was president of that company.
- Q. And manager?—A. No.
- Q. Were they fishing and selling fish?—A. Yes, sir.
- Q. Was there any other company working in connection with these companies?—A. No, I cannot say working in connection with them. They all worked in harmony, all the independent companies there who were opposed to the Booth Trust.
- Q. You say you worked in harmony, had you any business connection with them?—A. No, no other business connections.
- Q. You did not mutually work together for the common benefit, or buy and sell between one another?—A. No.
- Q. Did any of these companies sell fish to companies in the United States?—A. Yes, they all sold to them.
- Q. To what companies in the United States did they sell fish?—A. Well, to the Buckeye and the Wolverine.
- Q. Any others?—A. And their different branches.
- Q. We were told by Mr. Markey yesterday that there are two large trusts, I might say, in the United States, one called the Trust and the other the Anti-Trust?—A. Yes.
- Q. Is that the case?—A. Yes.
- Q. And the Wolverine and Buckeye and some others were known as the 'Anti-Trust'?—A. Yes, sir.
- Q. And they are a very large corporation?—A. Not very large.
- Q. A large one?—A. Yes.
- Q. Doing a large business?—A. They are doing a large business there.
- Q. I notice in the assignment by you to the Athabaska Fish Company that Mr. Dee signs as vice-president of the Athabaska Company?—A. Yes.
- Q. Who is Mr. Dee?—A. He is from Detroit.
- Q. Has he any connection with the Wolverine Company?—A. Yes, sir, he used to be chairman of the Wolverine Fish Company.
- Q. What is he now in connection with that company?—A. I could not tell you what position he holds at the present time.
- Q. He is some official of that company, isn't he?—A. I think so.
- Q. Is he connected with the Buckeye Company?—A. Yes, sir.
- Q. Do you know what position he occupies there?—A. I do not know.
- Q. He has some position there?—A. I could not tell you what it is.



Q. He is vice-president of the Athabaska Fish Company?—A. Yes, sir.

Q. Is he an officer in any of these other companies; the British American Fish Company?—A. Yes, sir, he is an officer of the British American Company.

Q. Is he an officer in any other of these Canadian companies?—A. Not that I am aware of.

Q. He is an officer of the British American, the Athabaska, the Wolverine and the Buckeye Fish Companies?—A. Yes.

Q. When you applied for your lease in 1904, did you intend operating that lease yourself or handing it over to the company?—A. I intended to hand it over.

Q. To whom?—A. To the company.

Q. And you did so?—A. I did, yes.

Q. Upon what terms did you hand it over?—A. Well—

Q. I see your assignment says \$1, was that the consideration?—A. Well, we had just formed the company to work these waters.

Q. You, at that time, had the lease, what did you get for your lease?—A. I did not get anything.

*By Mr. Pardee:*

Q. Did you transfer that for stock in the company?—A. Yes.

*By Mr. Northrup:*

Q. You were given paid-up stock in the company for your lease?—A. Yes.

Q. How much did you get? (No answer).

*By Mr. Pardee:*

Q. I do not think that is a permissible question unless the witness wants to answer it?—A. We got a majority of the stock in the company.

*By Mr. Northrup:*

Q. You said that you got a majority of the stock in the company for your concession?

Mr. PARDEE.—He did not say that.

*By Mr. Northrup:*

Q. How much did you get in stock for the lease you had?

Mr. PARDEE.—He does not need to answer that question unless he wants to.

WITNESS.—I do not care to answer.

*By Mr. Northrup:*

Q. Do you decline to answer? I think we have a right to know it. But I am not going to waste time about it. Do you decline to answer?—A. Yes.

Q. What was the capital stock in your company?—A. The Athabaska Company is \$100,000.

Q. How much of that has been paid up?—A. Well, it has all been given us, there is no actual money put in.

Q. No actual money put in. Now then, when you formed this Athabaska Fish Company, I suppose you went to work, did you?—A. Yes, sir.

Q. Are there financial dealings between the Athabaska Fish Company and the British American Fish Company?—A. Yes.

Q. Are the financial accounts of these companies you have mentioned interwoven one with the other?—Yes, they are pretty well mixed up.

Q. So that it is pretty hard to say what the position of one of these companies is without considering the position of all the others, isn't that a fact?—A. I guess it would be, yes.

Q. It would be hard to find the position of one without finding the position of them all. Now, you got your lease in 1904, and you are bound by your lease to make a return to the government each year, you know?—A. Yes.

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Q. Have you any papers to show the first return you made to the government?  
A. No, I haven't them just now, but the return has been made.

Q. Was anything done in the winter of 1904?—A. Yes, 1904 and 1905.

Q. How much was your expenditure during that year?—A. The expenditure that year was somewhere in the neighbourhood of \$2,500.

Q. Spent in what way?—A. Oh, when I say \$2,500, that was in exploring, that is in the winter we fished there.

Q. You say that in 1904 and 1905 you spent \$2,500 in exploring?—A. In the fall of 1904 we spent \$2,500 in exploration, and that winter we finished the lake and spent a considerable amount of money; I do not know the exact amount, making a loss of about \$7,000.

Q. First you spent \$2,500 in exploration?—A. Yes.

Q. Then what other expenditures did you make in the winter of 1904-5?—A. We sent a gang of men out there to fish the lake.

Q. To fish the lake?—A. Yes, and to put up the necessary buildings.

Q. They put up buildings and fished?—A. Yes.

Q. You got a certain quantity of fish?—A. Yes.

Q. And you had the buildings there at the end of the season?—A. Yes.

Q. How much did you spend getting out the fish and in your business that winter?

Mr. PARDEE.—He said \$7,000.

The WITNESS.—No, that was the loss; we spent about \$25,000.

*By Mr. Northrup:*

Q. That is in the winter of 1904-5, to be perfectly fair, the company spent \$2,500 in exploration and \$25,000 in getting out fish, putting up buildings, &c.?—A. Yes.

Q. And these buildings were erected where?—A. Lesser Slake lake.

Q. Have you any figures showing how much fish you got out that year?—A. The report to the department shows that.

Q. I haven't it in my hand just now, do you remember the quantity?—A. No, I do not remember.

Q. Do you remember what buildings you erected there?—A. Well, speaking off-hand there are some houses for the men to live in, some fish houses—

Q. These are what you call fishing stations?—A. Yes.

Q. They would be a cheap kind of house, wouldn't they?—A. Not very expensive.

Q. Tell me, please, how much of the \$25,000 was spent in buildings, and how much in the business, getting out the fish?—A. I cannot tell you off-hand.

Q. Give it to me roughly?—A. I could not tell you; it would be guessing at it.

Q. You couldn't give me an idea what the buildings were worth?—A. I could give a guess.

Q. To the best of your opinion?—A. The buildings would be worth \$1,000.

Q. And the rest of the money would be spent in getting out the fish?—A. No, the rest of the money would be spent in exploring and getting out the fish.

Q. No, excuse me, you told me the amount spent in exploring was \$2,500. You say that the buildings will be \$1,000, what would the rest of the \$25,000 go in?—A. In paying for the fish and the freight.

Q. You say about \$1,000 went in buildings and the balance of the \$25,000 went in getting out fish?—A. In the buildings and the stock on hand such as fishing boats.

Mr. PARDEE.—In boats, nets or anything of that kind?

WITNESS.—Yes, nets.

*By Mr. Northrup:*

Q. How would you distribute that \$25,000?—A. The report to the government shows it.

Q. It should but it does not. There is no reference there to the \$25,000?—A. There would be the nets, fish boxes, the amount paid to the fishermen, the teamsters and the freighting.

Q. And in that way you would make up the difference between \$1,000 and \$25,000. I have your statement here for a year, over your own signature dated 'Selkirk, April 24, 1905.' This is what you say:—

'HON. RAYMOND PREFONTAINE,  
Minister of Marine and Fisheries,  
Ottawa, Ont.

SIR,—Complying with the terms of lease by His Majesty the King through your department dated the 14th of May, 1904, granted to John Kenneth McKenzie, of the town of Selkirk, in the province of Manitoba, and assigned to this company, we beg to report as follows:—

In accordance with the terms of the lease Mr. McKenzie assigned the same to this company, a copy thereof having been already forwarded to you.

We sent an exploration party of four men in the month of July from Edmonton over the trail to Lesser Slave lake, a distance of about two hundred miles. This party reported having thoroughly tested Lesser Slave lake throughout its length. The expenditure in connection with this exploration party was \$1,150.

The explorers reported that whitefish predominated in the lake. There are also to be found therein small quantities of yellow pike, grass pike and suckers. There is also a species of fresh water trout in this lake, but not in large quantities, although the trout will run in size from 20 to 50 pounds each, and very much resemble the genuine salmon trout. There are practically no settlements of any kind around this lake, with the exception of the trading post and a few Indians.

Upon report of the exploration party, as soon as the trail became frozen, the company sent in equipment with fourteen men and by January 1, 1904, had erected five temporary fishing stations at an expense of \$4,200. These fourteen men employed all the Indians they were able to obtain, from January 1 to March 10, and produced in their operations 168,000 lbs. whitefish. The number of gill nets used in the operations was 80 of 5½ inche mesh. The quality of the Lesser Slave lake whitefish is similar to the Georgian bay whitefish, a fish of high quality; the water in the centre of the lake is 140 feet deep, which accounts for the high grade of the whitefish.

It is of course necessary to explain to you that under existing conditions no fish can be exported from these waters except during the winter months when it is brought out in a frozen state. The company is endeavouring to promote the building of a railroad from Edmonton to Athabaska Landing, when fishing operations may be carried on during the whole year.

Yours truly,

THE ATHABASKA FISH COMPANY, LIMITED.

(Sgd.) J. K. MCKENZIE,

President.

That was your letter of April 24, 1905, so that according to that letter your expenditure in exploration had been \$1,150, and for the erection of buildings, \$4,200, and you had brought out 168,000 pounds of whitefish.

The CHAIRMAN.—The \$4,200 was for the buildings.

Mr. REID (Grenville).—That is \$4,200 for buildings and for exploration, \$1,150.

By Mr. Northrup:

Q. What was this fish sold for, and where?—A. These would be sold, f.o.b. at Edmonton.

Q. For local use or for exportation?—A. Mostly for exportation, but I think some were sold locally.

Q. What price would these fish bring at Edmonton?—A. 5½ cents or 6 cents per pound.

Q. Not for 5½ or 6 cents a pound, you can't buy them in this country at anything like that?—A. The freight is so high, you see.

Q. At 5½ or 6 cents a pound, why that is half what we pay in this country. Are



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you sure they were sold at that price? We have the Georgian bay and the Lake Erie fish here and we pay 10 cents.

*By Mr. Jackson (Selkirk):*

Q. What do the buyers pay for whitefish from Lake Manitoba?—A. Last winter the price of white fish was down as low as 4 cents.

Q. That is ten miles from Portage la Prairie?—A. Yes.

*By Mr. Northrup:*

Q. You mean the buyers who bought them from the fishermen?—A. Yes.

Q. What were these whitefish sold for at Winnipeg?—A. You could not get more than 5 cents for them in Winnipeg from the dealers.

Q. There was not much money in that apparently then. Now, in the light of this letter of yours, would you still maintain your last statement of an expenditure of \$2,500 in exploration and \$25,000 otherwise in that year?—A. Well, I have no figures before me as to the exploration.

Q. I know, would you be inclined to think the figures in your letter of April 24, 1905, more likely to be correct?—A. They are more likely to be correct, yes.

Mr. PARDEE.—What did he say he had expended in exploration in that letter?

Mr. NORTHRUP.—\$1,150.

*By Mr. Northrup:*

Q. You say in that letter that you expended \$1,150 in exploration and that the company sent in 14 men who put up five temporary fishing stations at an expense of \$4,200?

Mr. MARKEY.—He mentioned \$25,000 as the total expenditure in that year for everything.

WITNESS—Paying for the fish, and so on.

The CHAIRMAN.—He is a little high on the figures for exploration, but he is away below what he spent on his buildings.

*By Mr. Northrup:*

Q. Taking these figures, \$1,150 for exploration and \$4,200 for buildings, would the remainder of the money be expended in getting the fish out, which you afterwards sold?—A. I do not understand the question.

Q. You have spent \$1,150, according to your letter, in exploration?—A. Yes.

Q. You spent \$4,200 in erecting five temporary fishing stations?—A. Yes.

Q. You said you spent \$25,000 in erecting the buildings and carrying on business. Would the balance between the \$4,200 and the \$25,000 be spent in purchasing fish and bringing them to the market?—A. The balance would be spent in purchasing fish and bringing them to the market.

The CHAIRMAN.—That is not absolutely right, because he spoke also about nets

*By Mr. Northrup:*

Q. You have 80 nets of 5½-inch mesh; what would they cost each?—A. Oh, the nets, roughly speaking, they should be worth, all ready to put in the water, about \$10 apiece.

Q. How long does a net last?—A. The life of a net is about one winter season.

Q. You point out in this letter that you expect to have a railway from Athabaska Landing to Edmonton, and then you could carry on your operations during the whole year?—A. Yes.

Q. As a matter of fact, if you had such a railway your concession would be a very valuable one, wouldn't it?—A. Well, at the present price of fish it would not be very valuable; it should be more valuable than it is now.

*By Mr. Pardee:*

Q. What would it cost to build a railway?—A. I am not a railway builder; I could not tell you.

Q. It is 300 miles; how much would it be, roughly?

Mr. JACKSON (Selkirk).—At \$20,000 a mile?—A. I could not tell you.

*By Mr. Northrup:*

Q. What did your company, the Athabaska Fish Company, do in the following winter of 1906?—A. We caught some fish there, not a great deal, that winter.

Q. About how much did you spend that winter?—A. That winter it would be about—

Q. The second year you were fishing there?—A. I do not remember exactly, but I think somewhere about \$2,000 or \$3,000.

Q. You are not far astray, here is your letter of March 20, 1906, signed by yourself, saying:

‘During the past winter ten or twelve men were employed in fishing in Lesser Slave lake, in the province of Alberta, and produced two carloads of whitefish, being about 50,000 pounds, which were marketed at Edmonton.’

The expenditures during the season, \$1,775, principally for labour; six stations were located during the past season.’

Do you remember how much you got for the fish in Edmonton? You say they were sold at Edmonton?—A. I do not remember exactly, but in the neighbourhood of 5½ or 6 cents per pound.

Q. Then at 5 cents it would be in the neighbourhood of \$2,500, so that apparently you did not lose any money that year?—A. They might have cost more than that.

Q. I have your own figures here, here is your own return to the department, which says that the expenditures during the season were \$1,775?—A. I am not quite sure what the fish brought at Edmonton; what they were sold for then.

Q. Would it be under 5 cents? You told me 5½ or 6, and I took the 5 cents in order to be sure?—A. It might be.

Q. At 5 cents a pound it would be \$2,500, and the expenses you say, were \$1,775, and besides that you located six stations up there, so that you were not very much behind in that?—A. There never was a year when we were not behind.

Q. How do you explain your own statement to the department; I am taking your own figures?—A. Well, that did not include what the fish cost probably.

Q. It does, because your letter says that the expenditure is principally for labour, and that is what the fish cost, the labour, although you do not say what the expenditure is for other than that it is principally for labour?—A. I do not think that covers the first cost of the fish.

*By Mr. Pardee:*

Q. That is at Lesser Slave lake; you were not there personally, managing operations, were you?—A. No, I was not.

Q. Who was?—A. A man named Butterfield.

Q. He has all the figures, so that when you are speaking about Lesser Slave lake expenditure are you speaking with any degree of personal knowledge at all?—A. No, not on that.

Q. The statements were just sent to you to sign as manager, and you signed what was put before you, is that right?—A. I signed, of course, knowing the expenditure pretty well in each case.

*By Mr. Northrup:*

Q. I suppose when signing any official statement to the government, you get the most correct figures you can?—A. I do.

Q. I suppose as president or manager you knew what the expenditures had been? They had gone through your hands, hadn't they?—A. Yes.

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Q. So knowing the expenditures and wishing to sign a correct statement to the government, you sent this letter of March 20, 1906, didn't you?—A. I did.

Q. It would probably be correct?—A. It would.

Q. So that the expenditures were \$1,775 for six stations, and you sold 50,000 pounds of whitefish, and in that same letter you say :—

'During the coming winter of 1906-7, the company expects to greatly increase its operations in this region, the means of transportation by rail being expected to be much improved.'

Q. Did you increase your operations at all?—A. No, we did not do anything.

Q. You didn't do anything?—A. No.

Q. What was done in the following year, that would be the winter of 1906-7?—A. In 1906-7?

Q. That would be last year really, not the winter just passed, but a year ago?—A. I do not know whether there was any fish taken out or not, I do not remember just now; I do not think so, but if there was any it was very little.

*By Mr. Pardee:*

Q. What was that?—A. In 1906-7, I do not think there was any fish taken out of Lesser Slave lake that year.

*By Mr. Northrup:*

Q. I see by your letter of April 12, 1907, as president of the Athabaska Fish Company, you state that your expenditure in exploration work and operation under the lease was \$365.45?—A. I do not remember at all what that was for.

Q. Your letter says:

'A certain amount of exploration work was done and operations carried on in Lesser Slave lake to supply local consumption only, occasioning the expenditure for explorations and operations under lease of the sum of \$265.45.'

A. Yes, that would be all reported from Mr. Butterfield.

Q. It was on the strength of his report you made that statement?—A. Yes.

Q. You do not in that letter make any statement as to the amount of fish you caught?—A. No.

Q. Some fishing was carried on, I suppose, assuming that statement is correct?—A. Very little, if any.

Q. If I am to take as true the statement made by you, as president of the company, to the government all the money you expended that year was \$366.45?—A. I guess so, if it is there.

Q. Tell me how your company has a very serious loss, taking these figures?—A. In the first winter they had a very heavy loss.

Q. In what way?—A. The first winter.

Q. Tell me how you lost money the first year, that is the winter of 1904-5?—A. Well, the fish cost us more than we got for them.

Q. That is the year you got 168,000 pounds?—A. Yes.

Q. How much did they cost you?—A. Well, at the end of the season we were some \$7,000 behind.

Q. In the meantime you put up buildings to the cost of \$4,200, according to this statement?—A. That is right.

Q. And you had bought \$800 worth of nets?—A. Yes.

Q. And you had a lot more money to make up if you had spent \$25,000. Can you give this committee any explanation how you got \$7,000 behind?—A. That does not show what the fish cost us.

Q. I am asking you how you account for having lost that large sum of money in the face of this statement?—A. That does not show what the fish cost or what we got for them.

Q. Will you swear under oath that the fish cost you ten cents a pound, say?—A. The fish cost us considerably more than we realized on them.



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Q. Can you give me any idea what they cost you, that is the first year?—A. No.

Q. You cannot give me any idea what they cost you?—A. Not off-hand.

Q. Although you are the president and the manager of the company?—A. I haven't the statement before me.

Q. One would think you would have enough interest in the company to know how the business was panning out?—A. Well, I did at the time, but I haven't gone over the matter since.

Q. Can you give me any explanation at all to account for this large loss?—A. Well, that is on account of the fish costing us more than we got for them, more than we sold them for. That expenditure of \$4,200 for buildings and \$1,500 has nothing at all to do with the loss.

Q. What expenditure?—A. The \$4,200 and the \$1,500 has nothing to do with the loss at all.

*By Mr. Pardee:*

Q. Has nothing to do with what?—A. Nothing to do with the loss on the fish.

*By Mr. Northrup:*

Q. That loss would be entirely on the sale of the fish?—A. Yes.

Q. With 168,000 pounds of fish to work on, tell me how you can figure out \$7,000 loss on those?—A. Well—

Q. You must have got 5½ or 6 cents a pound for them?

Mr. MARKEY.—There were lots of them never got down to Edmonton at all, they were left on the trail.

*By Mr. Northrup:*

Q. Can you explain that?—A. Well, they cost considerable to get the fish out to the market, and when we got them out to the market we were met by the slump in price by the big trust the Booth Trust.

Q. That is an explanation in a very general way, but can you tell me how you sustained a loss of \$7,000? Will you swear that is the difference between what these fish cost you and what you got for them?—A. Most of it is that way, yes.

Q. You can't tell me what they cost you?—A. No, I can't tell you just now what they cost.

Q. And you stand by what you say, that you think they sold at 5½ or 6 cents a pound?—A. Well, you have asked me what fish were selling at around Edmonton, that is my answer to that question.

Q. I suppose you sold at ordinary prices at Edmonton?—A. Well, Edmonton is not a fish market; if we have a large quantity of fish to take out we have to sell it in the United States.

Q. You sold the bulk of this in the United States, did you?—A. Yes.

Q. To companies in the United States?—A. Yes.

Q. The Wolverine and the Buckeye companies?—A. Yes.

Q. Do you know what you got from them?—A. Pretty well.

Q. How much?—A. In some instances as low as 4 cents per pound.

Q. And in some instances as high as what?—A. Well, 5 cents.

Mr. MARKEY.—There is 4 cents freight, 2 cents from the Lake to Edmonton and 2 cents a pound from Edmonton to Detroit; that is 4 cents a pound for freight, and some of the fish were sold at 4 cents.

*By Mr. Northrup:*

Q. The practical result seems to have been that 168,000 pounds of first-class white-fish were taken from Lesser Slave lake and sold to American companies for about 4 cents a pound, is that correct?—A. Yes.

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*By Mr. Pardee:*

Q. Is that statement about freight, or do you know?—A. Which?

Q. Now it costs four cents to get the fish from the lake to Detroit, that is two cents from the lake to the shipping point, and two cents from the shipping point to Detroit. Do you know whether that is so?—A. It would cost over three cents anyway.

Q. Then you would not deny that it cost two cents each for the two shipments?—A. What is that again?

Q. It costs two cents to ship the fish from where they are taken out of the water to Edmonton, and then from Edmonton to Detroit it costs another two cents?—A. More than that.

Q. Now, tell us what it is?—A. It costs two cents from Lesser Slave lake to Edmonton for freight, and it costs about \$2.75 or \$3 per hundred, freight and duty, from Edmonton to Detroit.

Now then, were there any other expenses in connection with that shipment besides the duty and freight?—A. Certainly there were.

Q. Tell us what they were?—A. There is the loading of the fish.

Q. How much would that be?—A. About a quarter of a cent a pound.

Q. Anything else?—A. There is the icing of the cars.

Q. What does that cost?—A. That would probably be one-sixteenth of a cent a pound.

Q. Anything else?—A. There would be the boxes; they figure about a quarter of a cent a pound.

Q. That is for the boxes themselves, or for boxing the fish?—A. The boxes themselves and boxing.

Q. The boxes and boxing would cost about a quarter of a cent per pound. So that how much can you give us, approximately, these fish stood you per pound in charges by the time they reached Detroit?—A. Oh, they would stand us——

Q. That is just from the time they were taken out of the water up to the time they were landed at Detroit, what did they stand you?—A. About ten cents a pound.

Q. And you sold them at what?—A. A lot of them were sold for four cents a pound.

Q. How much did the catching cost you?—A. The catching cost about three cents a pound.

Q. So that the fish stood you about 13 cents a pound, and you sold them at less than four, or at four cents if you want to put it that way, is that right?—A. That is right.

Q. Taking that, is that the way you make up these approximate figures of \$7,000?—A. That is where the loss comes in.

Q. Now then, that is the explanation, if you have any other give it to the committee, but that is the explanation of the \$7,000 loss?—A. That is the explanation, yes.

*By Mr. Jackson (Selkirk):*

Q. Did all these fish reach Edmonton? Was there any loss on the road on account of bad weather, or anything of that kind, spoiling?—A. They all reached Edmonton, but there may have been a loss, fish may have spoiled on the way.

*By Mr. Northrup:*

Q. I think you told us already, but I want to be perfectly sure; I understood you to say that the accounts of these various fish companies were so involved, the one with another, that you could not tell how one company stood without looking into the affairs of another. Didn't you tell me that?—A. Of course you could not tell how one company stood without looking into the affairs of the other.

Q. They are involved one with another?—A. They are pretty well mixed up, but at the same time you could tell it.

*By Mr. Pardee:*

Q. The treasurer does that work anyway, doesn't he?—A. Yes.

*By Mr. Northrup:*

Q. And the same people are concerned in the different companies, aren't they?—

A. Pretty much.

Q. So that it would be perfectly possible that one company might lose money and yet, on the whole, the shareholders in that company might be content with the profits they might make in the other companies, wouldn't it?—A. Oh, it is possible.

Mr. PARDEE.—Would you mind following that out, Mr. Northrup, and asking if they did.

*Mr. Northrup:*

Q. Wait a moment. This gentleman, Mr. Dee, that you told us about is one of the leading men in the Detroit Fish Company, the Wolverine Fish Company?—A. I could not say that he is.

Q. He is president and manager?—A. He used to be president, I do not know whether he is to-day or not.

Q. At all events he is one of the officials of the company to-day?—A. Yes, I think so.

Q. And one of the leading men in the company?—A. I think so.

Q. And it was to his company you sold the fish?—A. Yes.

Mr. MARKEY.—On commission.

WITNESS.—On commission.

*By Mr. Northrup:*

Q. Are all your sales to the Wolverine Fish Company made on commission?—A. No, not all.

Q. Do you know that all these fish we have been talking about were sold to them on commission, will you pledge your oath to that, yes or no?—A. They have sold fish on commission.

*By Mr. Pardee:*

Q. What?—A. They sold fish for us on commission.

*By Mr. Northrup:*

Q. I am asking you whether all these fish we have been talking about as having been sold for four cents a pound were sold on commission?—A. Yes, I think so.

Q. Are you sure they sold them?—A. Yes.

Q. Do you know to whom they sold them?—A. No, sir.

Q. They might have sold them to the Buckeye Company for all you know?—A. They might have.

*By Mr. Taylor:*

Q. I understood you to state in answer to a question by Mr. Pardee a moment ago that the fish cost 13 cents a pound. I would like to be clear about that and I would like you to tell us how you make up the 13 cents.

The CHAIRMAN.—He said 10 cents.

Mr. TAYLOR.—No, ten cents and 3 cents for catching.

Mr. PARDEE.—Yes, he said that.

Mr. TAYLOR.—Thirteen cents was the amount fixed by Mr. Pardee and you said that was correct. As I understand you, the catching is 3 cents, it is two cents from the lake to Edmonton and from there to Detroit the freight and duty is  $2\frac{3}{4}$  cents, the boxing is  $\frac{1}{4}$  of a cent, and the icing is one-sixteenth of a cent, how much was there besides that?

Mr. PARDEE.—How much does that make?

Mr. REID (Grenville).—About 9 cents.



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*By the Chairman:*

Q. What is the duty on fish?—A. One quarter of a cent.

*By Mr. Taylor:*

Q. Explain to me where the balance of the 13 cents comes in?—A. I did not say 13 cents, I said it cost about 10 cents a pound, Mr. Pardee said 13 cents.

Q. You said 10 cents and Mr. Pardee said, 'And three cents for catching, that makes 13 cents,' and you said 'Yes' to that.

Mr. PARDEE.—Perhaps he mistook me.

The CHAIRMAN.—I think the witness said it cost him ten cents per pound, and he said it cost 3 cents for catching.

Mr. PARDEE.—If the witness is wrong I want to clear it up.

The WITNESS.—That is not right.

*By Mr. Pardee:*

Q. Figure that out and tell us what these fish cost you?—A. They cost about ten cents per pound.

Q. They cost you about 10 cents at Detroit?—A. Landed at Detroit.

Q. That is all told?—A. Yes.

Q. Catching and all costs you about 10 cents?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Is that right now?—A. Yes, that is what it is and that is my first statement.

*By Mr. Northrup:*

Q. Have you any idea what proportion of the first lot sold at 4 cents?—A. No, I could not tell you that.

Q. Have you any idea what was the highest figure you got for fish that year?—A. The highest figure that we got for fish that year would be about 5½ cents.

Q. Can you give any idea how much was sold at that figure?—A. No, there would be very few sold at that, there may have been some large fish that were picked out.

*By Mr. Pardee:*

Q. Were all the financial affairs of these companies that we have been talking about, in the hands of Mr. O. E. Fleming, of Windsor?—A. They were all in his hands, yes.

Q. He was the financial man?—A. He was the treasurer.

Q. Which?—A. He was the treasurer of the company.

Q. Did he receive and disburse the moneys?—A. He did, yes.

Q. Can he speak accurately upon that point?—A. He could, yes.

Q. He should be able to?—A. Yes.

*By Mr. Northrup:*

Q. Did I understand you to say that Mr. Fleming was the treasurer of all these companies you mention?—A. Well, not all the companies, but for the British American and the Athabaska fish companies.

Q. It was only those two he was treasurer of?—A. Yes.

Q. Only those two?—A. Yes.

Q. He handled the funds for both?—A. Yes.

Q. And they worked together?—A. Yes.

Witness discharged.

Mr. ARCHIBALD MCNEE, called, sworn and examined.

*By Mr. Northrup:*

Q. I believe you obtained a fishing lease from the Dominion government in the year 1902?—A. Yes, 1902, I think that was the date.

Q. It was for the waters on the south shore of James bay, I believe?—A. Yes.

Q. Had you ever been in the fishing business before applying for that lease?—

A. I was never in the fishing business, and I never expect to be.

Q. Perhaps you are sorry that you are not?—A. I am glad I am not when I hear the evidence here to-day.

Q. How did you come to apply for that lease?—A. I am a newspaper publisher, and we have a great many fishermen in our county, on Lake St. Clair, the Detroit river and Lake Erie, and we were very much disturbed there by the fishing regulations and by our neighbours across the line on international waters. I had a great deal to do in connection with our fishermen there, trying to get the regulations modified, and in other ways I came in contact with our fishermen very largely. When they had apparently come to the determination to try to do something in other waters—James bay and Hudson bay were suggested—they came to me about it and I said that I believed the government were anxious to encourage the fishing industry; that they had encouraged it very largely in other sections of Canada, and that I had no doubt at all any reasonable proposition which the fishermen made would be acceded to. I told them that as far as I was concerned I would do what I could to help in encouraging the opening up and developing of the industry in James bay and in that way I became connected with.

Q. I understand from your story that the way you first became interested in this lease was when the fishermen came to you?—A. Some of the fishermen did.

Q. And said they were going to fish in other waters?—A. They spoke about James bay, and asked me if I thought a lease could be obtained, and I said to them: 'You consider the matter and let me know what you want and I will go to Ottawa; I know the Minister of Fisheries very well (it was then the Hon. James Sutherland) and I will lay the matter before him.'

Q. You came to Ottawa and applied for a lease, not really for yourself, but for these other people?—A. There was no company formed, someone's name had to go in, and my name was put in the lease.

Q. Just so, you did not get it for yourself, but for some other people?—A. I got it for myself, except—I might explain, they asked for a lease for nine years, as they said that a lease for nine years could be obtained from the department without an Order in Council; if it was over nine years it would have to be by Order in Council, and they assured me that with some of the local fishermen associated with some fishermen of Detroit and elsewhere, if they could get a licence for nine years there wasn't any doubt at all they could get sufficient capital interested to open up the industry in James bay.

Q. That is, these local fishermen told you that?—A. These local fishermen, yes. So I came down to Ottawa and saw the Hon. Mr. Sutherland and explained the situation to him as they had explained it to me. I stayed here for a day or two, and after consulting with the officers of the department, he said they would grant a lease for seven years. So I took the lease for seven years back and told them there was a lease for seven years and they had better get to work and organize their company.

Q. Excuse me, you say you actually got a lease from Mr. Sutherland for seven years?—A. Yes.

Q. And you took it back to these people?—A. I said to them, 'I have a lease for seven years, and you can go on and carry out your organization and do what you have promised to do, get your capital together and form your company.' I understood they had several meetings, in fact I went with them once over to Detroit to meet some gentlemen there. After some consideration they came to me and said that the lease was for too short a term. I have the seven years' lease here.

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Q. You say you have the seven years' lease there, with you?—A. I have the seven years' lease, yes.

(Handed document to Mr. Northrup.)

Q. It is duly signed, 'J. Sutherland.' That is for the same waters as the present lease?—A. For the same waters. I did not suggest the waters myself, I do not remember what they were, but it is the southern part of James bay, I know. ,

Q. When you came to see Mr. Sutherland, did you define to him what waters you wanted a lease of?—A. No, understand they said to me they wanted just the southern part of James bay or whatever waters the department were willing to give.

Q. You merely applied to Mr. Sutherland for the southern waters of James bay and got this lease?—A. Yes.

Q. And you took back to them this lease dated March 15, 1902?—A. Yes.

Q. You took that back to Windsor and you showed it to the gentlemen with whom you were acting?—A. Yes, I suppose I was acting for myself as well as the others. I agreed, I said I would put money in it if they thought it was all right. I would encourage them to that extent.

Q. You took the lease in your own name, but taking it for yourself and these other gentlemen. You took back the lease and suggested that they get busy and get to work and form their company and they said the term was too short?—A. After consultation they said the term was too short. I said 'What do you want?' And they replied, 'A twenty-one year lease.' I said to them, 'I tried to get a nine years' lease and I only got one for seven years; I do not know how I am going to get a twenty-one year lease.' I had a letter, I think, from Mr. Dickenson, postmaster of Detroit, who is chairman of the Michigan State Fishery Commission, who is interested in the fisheries—Detroit is quite a fishing centre—he wrote me a letter and said there was no doubt at all that if a twenty-one year lease were granted sufficient capital could be obtained to organize and develop the fishing industry there.

Q. That is in Detroit?—A. Yes. He estimated it would require over \$1,000,000, because of the remoteness of the district from transportation, and that the fish would have to be taken around through the straits, and for that purpose vessels would have to be purchased or rented and a refrigerator plant would have to be provided on the boats, &c. So the first estimate was for \$1,000,000.

Q. So, shortly, what he said was that there would be no trouble at all, if you could get a lease for 21 years in obtaining \$1,000,000 capital?—A. Yes. I came back to Ottawa and wrote a letter to Mr. Sutherland.

Q. Do you remember writing a letter to Mr. Sutherland, apparently from the Russell House, dated October 22, 1902, as follows:—

'DEAR SIR,—Adverting to my interview with you to-day relative to the fishing lease dated March 13, 1902, in James bay, granted by your department to me, I have since had a conversation with your deputy and now beg to put my request in the matter in formal shape.

As I understand, it is part of the policy of the government to encourage enterprises and the expenditure of capital which will explore and develop the newer and less known parts of Canada. I and those associated with me intend if our investigation and operations turn out as we anticipate, to expend a very large sum in the establishment of fishing plant, vessels and appliances which will undoubtedly employ a large number of men and attract many others, with the probability also of establishing other industries. It is obvious that, owing to the distance and comparative inaccessibility of the region that the venture must necessarily require several years to start and develop, besides the expenditure of a great deal of money. It is also to a great extent experimental. The term of the lease at present, namely, seven years, would be pretty nearly, if not quite exhausted in getting in shape to operate. In contemplating putting capital into it, and discussing it with other practical men, and asking them to join me in the investment of capital, I have become and am convinced that the lease must be extended to say not less than twenty-one years, or otherwise it will be practically useless. There are also clauses in the existing lease that in my view are so



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restrictive as to make it well nigh valueless. No one could afford to risk his capital under such conditions. I refer first to the second clause which prohibits the transfer of any interest, &c., and second to clause 5, which places the arbitrary power in the hands of the minister for the time being to terminate the lease at any time he may deem it in the interest of the fishery and without compensation. These clauses, you must see, are most objectionable, and I would respectfully urge, most unreasonable. I would ask, therefore, for the following changes and modifications in the lease:—

1. That the term be extended to at least 21 years.

2. That clause 2 be modified to read as follows:—‘That the said lessee shall not transfer any interest in the present grant nor sub-let to anyone except to persons or a company agreeing to observe and perform the conditions of this lease,’ and

3. That clause 5 should be modified by striking out the following words in lines 5 to 7, namely:—‘Or if the minister considers it necessary in the interests of the said fishery,’ and also providing that any notice in writing given for the purpose of terminating the lease shall be for the period of at least six months.’

That is dated October 22, 1902, what follows that?—A. Following that, to make a short story of it, we got the lease.

Q. The lease was given to you. Did the department understand you were getting it for yourself and others?—A. Oh, yes.

Q. You told them about the arrangements, that in Detroit they were raising a million dollars?—A. Yes, I told our fishermen that I did not care where the capital came from, that I would just as soon it came from Detroit as from England.

Q. You told them that?—A. They spoke about that.

Q. So that when you got a lease for 21 years the minister understood you were getting it for a syndicate of fishermen at Windsor, and that they had raised a million dollars?—A. He particularly stipulated that a company should be organized, stating that the whole object of the department was to open up these virgin waters and to ascertain what was in them, because the reports in the department—I went through the departmental reports and could not find very much about what the waters contained. However, by correspondence with people at Moose Fort and the Hudson’s Bay Company’s officers, these fishermen I am speaking about, or some of them, got the information.

Q. You said you went through the departmental papers and didn’t find much?—

A. I did not find very much in them, and Hon. Mr. Sutherland told me that the object of the department was to promote and open up all our natural resources, and I felt that way too, myself.

Q. In the seven years’ leave that you obtained there was a clause that the lessee ‘shall not transfer any interest in the present grant, nor sub-let to anyone, without first notifying the minister and receiving his written consent or that of some other person or persons authorized to grant same.’—A. That was modified afterwards, I think; there is a letter attached to this (producing document) in which they give permission.

The CHAIRMAN.—That is the second lease?—A. That is to the second lease, the 21-year lease—I think there is a letter here—oh, yes, there is a letter. I got this from the Hon. Mr. Prefontaine. Of course the intention was for me to transfer it to the company, that was the idea, and I thought that clause interfered with that intention somewhat, so I got this letter from the Hon. Mr. Prefontaine, who was then the minister,—(reads):

November 28, 1902.

‘Minister of Marine and Fisheries,  
Ottawa, Canada.

*Re HUDSON BAY FISHERIES.*

DEAR SIR,—In reply to your letter and request of the 26th instant, I hereby agree to a transfer under clause 2 of such interest in your lease, dated the 13th day of November, 1902, as you may consider expedient for the proper development and

## APPENDIX No. 1

carrying on of the work. What I am concerned about is that a *bona fide* industry will, if possible, be established and operated under this lease.

Yours faithfully,

R. PREFONTAINE.

ARCHIBALD McNEE, Esq.,  
Windsor, Ont.'

Q. The point I was calling attention to is this, in the first lease, December's lease, you could not assign without the consent of the minister?—A. No.

Q. You objected to that clause, didn't you?—A. Yes, I objected.

Q. In your letter of October 22, you objected to it, and in your second lease it was modified?—A. By letter, not in the lease itself, the clause is in the lease of the 13th of November, but it is modified by this letter.

Q. I see, it is the same clause as in the first lease, but there was a letter consenting to the assignment, which was the same thing, had the same effect. You could not assign the lease without the consent of the minister, but you got his consent in that letter?—A. Yes, that was to facilitate matters.

Q. To make a short story of it, you came down here, wrote this letter to Hon. Mr. Sutherland, and you got your 21-year lease?—A. Yes.

Q. What was done with the lease?—A. Nothing was done with it.

Q. Didn't you see the other parties?—A. Yes, I saw the other parties and they tried in New York, in Detroit, and I think they had a man in London, but they failed to raise the capital. The location of the proposed fishing industry was so remote from transportation, and the expenses were so heavy, as I have said, a million or a million and a half.

Q. When you took the lease you did not intend to go on and operate it yourself?—A. Oh, no.

Q. Your intention was that there would be a company organized, and that you would make it over to them?—A. Yes.

Q. Who were the parties that were most interested with you?—A. Mr. C. W. Gauthier, a fisherman who has been for 40 years in that line; there were other fishermen there who were interested, but he was really the leading one. I did not have much conversation with the other fishermen, he was the one who was doing the fishermen's part of it, and I was to get the lease.

Q. Was there any person other than fishermen in it?—A. Oh, no, this Mr. Dickenson, of Detroit, the head of the Michigan Fishery Commission, seemed to be interested. I met him once by request of Mr. Gauthier.

Q. I understand that primarily in getting the lease there was nobody interested except yourself, some fishermen, Mr. Gauthier and Mr. Dickenson?—A. Well, Mr. Dickenson was really only in consultation, that is all. In a letter to me he claimed he ought to have an interest in the lease because of his suggestions, but he never got any interest.

Q. The question I am asking you is, outside of yourself, Mr. Gauthier and the other fishermen, there was nobody else interested in it?—A. No.

Q. And you have done nothing with the lease since?—A. No, we haven't done anything and we are not likely to under present conditions.

*By Mr. Pardee:*

Q. On the ground of expense?—A. Yes. Why, if the government to-day were to send up an expedition with nets and fishing boats, and were to lay the fish out on the banks and say to us, 'There are your fish lying on the banks, free, you can have them,' I would not accept them. You can get fish laid down in Detroit for from \$80 to \$130 a ton, and you couldn't lay them down there from James bay for \$500 a ton under present conditions. The lease is not worth the paper it is written on, so far as any interest in it or profit is concerned.

Q. I suppose if the railway were built to the Hudson bay it would make a wonderful difference?—A. It might make some difference, most decidedly, but they can put fish in Detroit from Lake Erie for the amount it will cost these gentlemen to transport it from Athabaska to Detroit.

Q. How was it you didn't know about all this when you tried to get the lease?—A. I did not know anything about it; these were fishermen who were most hopeful; I do not know very much about it yet. I have heard more to-day than I ever knew about the fishing business. But my experience is that our fishermen are an exceedingly hopeful lot of people. Why, I have an offer from a fisherman to-day who says he will put in a plant costing a million if the government will do in the James bay what they are doing for the fishing industry in other parts of Canada and for the lead and iron and other industries—give a cent a pound bonus. If they will give that he will put in a million dollar plant and buy vessels to ship it out by the straits. I wouldn't have my name bandied about, in parliament and out of it, as it has been in connection with these fisheries, for the whole James bay, if you were to give me the exclusive lease of it. I am trying to develop the natural industries of Canada, and I am not at all encouraged by the result.

Q. You and these fishermen applied for this lease thinking it would be a good speculation?—A. They said so.

Q. And when you came to try to float this speculation it did not materialize.

*By Mr. Pardee:*

Mr. Northrup has used the expression, 'When you came to try to float this speculation,' you did not get it in the sense of a money-making enterprise?—A. I got it because these people told me that they wanted to go up and establish an industry and I said the government is encouraging the fishing industry everywhere, and no doubt they will give you all the encouragement they can. We are everlastingly talking on the hustings, in parliament and everywhere else, about developing and encouraging the natural industries of Canada, and I said if I can help to get an extra fish taken out of the water without too much cost to myself I will do it; it was not a mercenary matter.

*By Mr. Northrup:*

Q. There was the expectation of making some money?—A. Decidedly, there is in all these transactions.

*By Mr. Reid (Grenville):*

Q. Have you been paying the rent annually?—A. Oh, yes, I have been paying it annually, and if the government will pay me back the rent I have paid I will give them back the lease to-morrow.

Q. If it is not worth anything why don't you drop it?—A. Well, the day I left one of the fishermen came to me and offered to establish this plant at a cost of a million dollars, as I say. It is not a breaking concern, it is only \$10 and this man says he will have a man go to London this very year and organize the same. I am paying the rental and they are doing the talking. That is the whole situation.

Q. But you expect to make some money out of it yet?—A. I will transfer it to you before I leave Ottawa if you will carry out the intention of the lease and establish a fishing industry there and I will pay you five years' rental for you in advance and make the transfer right here in this room before I go out of it if you will accept an those conditions. I do not believe I will try to develop much more the natural industries of this country if I am going to be hawked about in this kind of way. I am getting rather discouraged with the whole thing.

Witness discharged.



## APPENDIX No. 1

Mr. R. N. VENNING, re-called.

*By Mr. Northrup:*

Q. If I remember rightly when you were before the committee on a previous occasion you stated that the only lease to Mr. McNee was that dated November 13, 1902, and when the question was raised about the lease for seven years it was explained very learnedly and very exhaustively how that duplicate came to be in existence, and it was stated that there were not two leases?—A. There are not two leases, that is the only statement I made here, that there are not two leases in existence.

Q. There were two leases?—A. Perhaps I did not make myself understood, or perhaps I did not understand you. My only object in giving the evidence I did was to show that there was only one effective lease as between Mr. McNee and the government; that the lease for the shorter term was simply the first draft of the later lease, and as a matter of fact there was only one lease in existence.

Q. That is exactly what I understood you to say, that there was only one lease in existence, that this was a first draft which did not materialize into a regular lease; but that is not correct, because Mr. McNee produced the lease?—A. That comes to the same thing, there is only one lease in existence, he does not pay a second \$10 rental.

Q. It is a different transaction altogether, is not that so? The whole transaction is that he got a seven years' lease which was not satisfactory, he came back to the department and got another one, and the first one did not then hold?—A. I do not want to appear on the records as denying that there was such a document as he has now produced. What I want to say is that eventually this lease for 21 years came into his possession for which he is paying \$10 a year, and that is the only instrument which he has that carries a rental, and that practically covers the same waters as he first got a tentative lease for.

Q. I can't see any difference myself, he produces two documents here to-day, one of which was in existence for six months?—A. Is he paying \$20 a year?

Q. No, there was only one lease in existence for six months and he was liable under that. Then another lease came along and took the place of that first lease. That does not alter the fact that there were two leases given him but he only paid rent on the second?—A. Did Mr. McNee accept the first lease and act on it?

Mr. PARDEE.—He did not, he says that he never paid on the first lease.

A. The only point I want to make is this, that I made the statement that the first lease culminated in the second lease. As a matter of fact, to my knowledge, there was only one lease in existence in the department, but there may have been twenty or thirty leases that led up to that lease. I want to be put right on the record.

Mr. NORTHROP.—Nobody is disputing Mr. Venning's integrity at all, but that the documents from the department would show that only one lease was given?—A. That this seven year lease was a draft lease in which certain changes were made preparatory to the 21 years lease.

Mr. NORTHROP.—It was no draft at all, because it is signed by the minister?—(Document handed to witness)—A. There is no doubt about its being a signed lease. I have never seen that document before.

*By Mr. Reid (Grenville):*

Q. That is a regular lease?—A. Yes.

Q. Issued on what date?—A. It was issued on the 13th of March, 1902.

Q. Then there was another lease issued on what date?—A. The 13th November, 1902.

*By Mr. Jackson (Selkirk):*

Q. Have you a copy of that lease in the department now, signed?—A. There is what purports to be a copy of this, a carbon copy with changes in it, but the original paper was an exact copy of that. Some interlineations were made which went to form the second lease.

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*By Mr. Reid (Grenville) :*

Q. What is the date of the second lease ?—A. The date of the existing lease is November 13, 1902.

Q. Then according to the two leases you have in your hand there never were two leases in existence at the same time, the second one superseded the first?—A. Yes, there were two leases issued apparently, but there is only one of them in existence now.

*By Mr. Pardee :*

Q. You can only speak from the records ?—A. That is all.

Q. I suppose perhaps the same explanation applies to that seven years' lease as applies to the duplicate lease of Mr. Markey.

*By Mr. Reid (Grenville) :*

Q. But you have no record of the first one in the department ?—A. Not as a complete lease.

Witness discharged.

Committee adjourned.

# REPORT

OF THE

3

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

\$3,250 to Messrs. John Birnie and J. J. Noble re Georgian  
Bay Fishery Commission

*PRINTED BY ORDER OF PARLIAMENT*



OTTWAA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY.

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John Sun, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

COMMITTEE Room No. 32,

FRIDAY, April 3, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The Committee proceeded to the consideration of a payment of \$3,250 to Messrs. John Birnie and J. J. Noble in connection with the Georgian Bay Fishery Commission, as set out at P—171, Report of the Auditor General for 1906-7.

Mr. R. N. VENNING, Assistant Commissioner of Fisheries, called, sworn and examined.

*By Mr. McLean (Queens, P.E.I.):*

Q. What is your position in the Marine Department?—A. Assistant Commissioner of Fisheries.

Q. Have you any knowledge of the commission that was appointed to investigate the fisheries of the Georgian bay?—A. Only the mere fact that there was a commission appointed, and that an order in council was passed appointing them. The order in council is here.

Order in council appointing commission read as follows:—

‘EXTRACT from a report of the Committee of the Honourable the Privy Council, approved by the Governor General on the 22nd July, 1905.

‘On a memorandum, dated 8th May, 1905, from the Minister of Marine and Fisheries submitting that in view of the representations, made by petitions and otherwise, that the present fishery regulations, so far as they apply to close seasons for salmon trout or great lake trout, sturgeon, whitefish, pickerel or doré and other commercially valuable fish in the waters of Georgian bay, are inappropriate, and that the existing restrictions as to methods of fishing, kinds of gear, etc., are unsuitable and unsatisfactory, and in view of the grievances felt by the fishermen and the diversity of views expressed by fish buyers and other interested in the Georgian bay fisheries, recommends the appointment of a special Fishery Commission to hold sittings, take evidence, receive petitions and representations, and to take such steps as the members of the commission may require to make in full investigation of the matters referred to; such commission to consist of three members who, on the completion of the sittings, shall submit their report and recommendations, so that the existing regulations may be suitably amended.

‘The minister further recommends that the following persons compose the commission:—

‘Professor Edward E. Prince, Commissioner of Fisheries and General Inspector of Fisheries for Canada, chairman.

‘Mr. John Birnie, B.C.L., K.C., etc., Collingwood, Ont, and Mr. James Noble, of Little Current, Ont.

‘The said commissioners, with the exception of the chairman, to be paid at the rate of seven dollars per diem for such days as they shall be occupied with the work

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of the commission, and, in addition thereto, the commissioners shall be paid their living and travelling expenses.

'The committee submit the same for approval.

(Signed) JOHN J. MCGEE,  
'Clerk of the Privy Council.'

Q. That is the commission?—A. That is the commission, yes.

Q. Were the accounts of these commissioners submitted to you?—A. Not at all; I have nothing to do with the accounts sent in.

Q. You have nothing to do with it?—A. Nothing to do with any accounting whatever.

Q. These are the accounts, are they not? You have seen them before (handing file to witness)?—A. I had not seen the accounts before, for the reason—

Q. Do you recognize the accounts?—A. I do not recognize the accounts, for the reason that it does not form any portion of my duties. I have nothing whatever to do with the accounts at all.

Q. Is that Professor Prince's signature (pointing to account)?—A. That is Professor Prince's signature.

Q. (Reads): 'I hereby certify that the above charges are fair and just and were duly authorized.—E. E. Prince'; that is Professor Prince's signature?—A. That is Professor Prince's signature.

*By the Chairman:*

Q. That is January 8, 1906?—A. January 8, 1906.

Hon. Mr. BRIDGER. I may say in fairness to Professor Prince that he is away in Canso, but as soon as he was subpoenaed he left for Ottawa.

Mr. BENNETT.—I am afraid we cannot get on without Professor Prince; these accounts are all certified to by him.

Further consideration of the item deferred until Thursday, April 9.

HOUSE OF COMMONS,

COMMITTEE ROOM No. 32,

THURSDAY, April 9, 1908.

The Committee met at eleven o'clock a.m., M. A. H. Clarke presiding, and proceeded to the consideration of the payment of \$2,250 to Commissioner John Birnie, Collingwood, advances not yet accounted for, in connection with the Georgian Bay Fishery Commission, and some other payments to officers in connection with the said commission, as set out at page P—171 of the Report of the Auditor General, 1906-7.

Professor E. E. PRINCE, called, sworn and examined.

*By Mr. McLean (Queen's, P.E.I.):*

Q. What position do you occupy in the Marine and Fisheries Department?—A. I am Commissioner of Fisheries for the Dominion.

Q. I believe you were appointed on a Commission to investigate the fisheries of the Georgian Bay?—A. Yes.

Q. Is that the commission or the order in council?—A. Of the order in council. That is a copy of the commission, yes.

Q. Is that the Commission or the order in council?—A. Of the order in council appointing the commission, that's it, I think.

Q. You were appointed chairman, I believe?—A. I was appointed chairman.

## APPENDIX No. 1

*By the Chairman:*

Q. Was there a commission apart from the order in council?—A. No, sir, that is the form of appointment.

*By Mr. McLean Queen's (P.E.I.):*

Q. I see this order in council provides that you shall be chairman of this commission, and that Mr. John Birnie, K.C., of Collingwood, and Mr. James Noble, of Little Current, shall be commissioners with you?—A. Yes.

Q. The said commissioners, with the exception of the chairman, to be paid at the rate of \$7 per diem for such days as they shall be occupied with the work of the commission, and in addition thereto, the commissioners shall be paid their living and travelling expenses. The committee submit the same for approval. (Sgd) J. J. McGee, Clerk of the Privy Council?—A. Yes.

Q. The order in council is dated the 22nd of July, 1905?—A. Yes.

Q. Were you employed in this business, did you commence the work yourself?—A. I presided at the first meeting of the commission.

Q. How many days were you employed in the commission?

Mr. MCCARTHY (Simcoe).—Is that the year 1905?—A. Yes, 1905. I was occupied, I presided at the first executive sitting at Parry Sound in September, which occupied several days, then I was called to British Columbia and when I returned in October I presided at the sittings—I remember, Killarney, in the North Channel—

Q. Was that in 1905?—A. I think that was in 1905, yes.

Q. Were you there in 1906?—A. I was also present at sittings in 1906.

Q. You were?—A. Yes.

Q. At what places?—A. In 1906 I was present at some executive sittings in Ottawa which lasted for several days, to discuss the framing of an interim report, and I presided over those meetings; also at Toronto where we took evidence for several days, and at Collingwood; that, I think, was in the month of March, and again in July.

Q. Would that be in 1905 or 1906?—A. That was in 1906.

Q. 1906?—A. Yes.

Q. How many days were you engaged in this commission altogether yourself?—A. I am afraid I could not answer that but I should say I was present at about one-third of the sittings of the commission.

Q. Now when did this commission complete its work?—A. Well, the commission had, on two occasions, additional work put upon it, given it to do. After the first order in council was passed, further instructions were given to it extending its work; I think I have the report which would show the date on which the first work was completed. (refers to documents). I am afraid I cannot give you the date exactly. We have handed in three reports, completed three different works.

Q. Here is a letter addressed to yourself, Professor Prince, Ottawa, (reads):

SARNIA, January 28, 1907.

DEAR PROF.—I received your registered letter with an enclosed draft for five hundred dollars, and enclose you the receipt for same in duplicate.

I am writing Colonel Gourdeau to-day about the issue of pound-nets. I don't understand what obstructions there would be in this matter.

I think we should finish taking evidence in Geo. Bay and make our report for it ought not to be mixed in with Lake Erie, we could do it this winter.

Yours sincerely,

JAS. J. NOBLE.

A. Yes, sir, that report is really what we call the main Georgian Bay report, it was preceded by two reports before that, which were completed and signed. I have a copy of it here.



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Q. Was there any work done in the summer of 1907?—A. In 1907, there was, yes. There were nearly thirty places at which sittings were held in 1907.

Q. At what time of the year?

Hon. Mr. BRODEUR.—Does that come under this inquiry? That is not in the year under consideration.

Mr. McLEAN (Queens, P.E.I.).—I just wanted to see whether it was included in the Auditor General's Report to the 31st of March, 1907.

A. No, it was in July to October these meetings were held.

Q. So that the account is not closed for those meetings yet?—A. That is not closed, no.

Q. I see a memorandum here of an order in council, dated March 20, 1907 (reads):—

'On a memorandum, dated 11th March, 1907, from the Minister of Marine and Fisheries, recommending that, as provision was not made for the engagement and payment of a secretary to the Georgian Bay Fishery Commission, the payment of remuneration be sanctioned to Mr. John Birnie, K.C., of Collingwood, Ontario—a member of the said commission—for the duties of secretary performed by him, such remuneration to be at the rate of ten dollars per day for such days as Mr. Birnie had been engaged exclusively with the duties of secretary of the said commission.

'The committee submit the same for approval.

'(Signed) RODOLPHE BOUDREAU,

'Acting Clerk of the Privy Council.'

Q. At whose suggestion was that order in council passed?—A. I think it must have been at some personal conference with the minister or deputy minister, or something of that kind.

Q. It must have been with the minister or deputy?—A. I think originally Mr. Birnie did make a charge for performing secretarial duties, which was objected to because it was not authorized.

The CHAIRMAN.—What is the date of that order?

Mr. McLEAN (Queens, P.E.I.).—March 20, 1907.

A. I think Mr. Birnie did make a charge originally, some time in 1905, I think, and the charge was objected to.

*By Mr. McLean (Queens, P.E.I.):*

Q. Well, now, here is the account of 1905 (file handed to witness)?—A. Yes, I see the item here for secretary at \$5 per day charged; there was no authority for that, and it was disallowed; it is marked 'Stand.'

Q. There was no authority, but still you certified it to be correct?—A. Just let me look at it.

Q. That is your certificate, 'I hereby certify that the above charges are fair and just and were duly authorized'?—A. 'Were duly authorized'; well, you see the account is first audited by the accountant, and that item is deducted off that. You see the amount is there, it is not for the whole amount. I certified to the account as audited.

Q. But this is the account which Mr. Birnie presented?—A. Yes, that is the account.

Q. Which he presented?—A. It passes to the accountant's branch at once.

Q. He presented that account himself?—A. I am not sure about that. I think it would come by mail.

Q. It would come by mail?—A. Yes.

Q. When you certified to this on the 8th January, 1906, were these deductions amounting to \$132 made?—A. I always make it a rule, sir, not to certify to an account until it has been audited first.

Q. Who audited that account?—A. It would be audited in the accountant's branch.

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Q. Whose figures are those \$132 in lead pencil?—A. (After examining account.) Those are my figures.

Q. Those are your figures?—A. But not the hand-writing.

Q. Was that figure given before the deductions were made, or after?—A. It was made after the account had been objected to. The account is marked 'stand.'

Q. 'Stand'?—A. Yes, that is not in my handwriting.

Q. Then it is evident from this account that Mr. Birnie thought he would be entitled to \$3 a day for his services as secretary?—A. Yes, sir, that is clear.

Q. This order in council of 20th March, 1907, allowing him \$10 for that work, was not passed in consequence of any suggestion of yours?—A. There was no memorandum of mine in the matter, no.

Q. It was suggested by whom?—A. I think it was Mr. Birnie himself who wrote on the matter, stating that he had done a lot of secretarial work.

Q. And who recommended that this amount should be changed to \$10 a day?—A. Well, sir, I cannot say that. That was not my—

Q. You cannot say? Now, I see another order in council here, dated 6th May, 1907. It reads as follows (reads):—

'Marine and Fisheries:—

'That authority be given for the payment of a per diem allowance to Mr. John Birnie, K.C., of Collingwood, and Mr. James J. Noble, of Little Current (members of the Georgian Bay Fishery Commission), viz.: \$5 per day for living expenses, exclusive of travelling and steamboat fares, when the said commissioners were absent from home on the work of the Georgian Bay Fishery Commission, such per diem allowance being necessary in view of the fact that the said commissioners did not keep detailed accounts of their expenses, and after long delays are unable to furnish the statements of the fair and just expenditure incurred by them from October, 1905, to October, 1906.

(Sgd) 'F. K. BENNETTS,  
'Asst. Clerk of the Privy Council.

'The Honourable the Minister of Marine and Fisheries.'

Do you know anything about that?—A. I only know this, sir, that when we started out on the work it was understood that detailed accounts were to be furnished.

Q. It was understood?—A. That was understood.

Q. The order in council would be handed over to these gentlemen, would it not?—A. It was read at the first meeting, yes.

Q. It was read at the first meeting and they knew what their duties were?—A. Yes.

Q. With reference to their expenses?—A. They knew that certainly, it was made clear to them.

Q. But the department did not keep detailed statements?—A. In moving about in some remote places it was impossible to keep detailed statements of their expenses, in some out of the way places visited by the commission.

Q. Why?—A. Payments were made just on islands—landing on islands—and fishing stands and places visited, and payments had to be made to the men rowing them about, and at various other places.

Q. Would it not be easy enough to keep account of that?—A. They found it very difficult, they stated in fact that it was not possible.

Q. Who suggested applying for an order in council, was it you?—A. I think that was the accountant's suggestion, the per diem allowance was impossible unless it was done by order in council.

Q. So the order in council was passed, and that was after the commission had been at work nearly two years, on the 6th May, 1907?—A. Yes, it was quite a long time.

Q. Then the Deputy Minister wrote on the 11th July returning their account of expenses. Did you keep a copy of their account of expenses?—A. They were asked to

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send in accounts in duplicate but I think the accounts would be returned. We did not keep copies of them.

Q. You did not keep copies. Here is an account of Mr. Birnie's, and one of Mr. Noble's, that you certified to on the 8th January, 1905: 'I hereby certify that the above charges are fair and just and authorized. ((Sgd.) E. E. Prince.'—A. Yes, sir.

Q. That is Mr. Noble's account, is it (producing account)?—A. That is Mr. Noble's account, and it is an audited account. Certain items were objected to.

Q. I think not?—A. Yes, that account was audited. That little tick alongside the figures shows that the accountant has gone over it.

Q. This account is for \$331.70 and he charges \$42 at \$7 per day. Who kept account of the number of days that these men were engaged in the work?—A. As chairman, of course, I kept a kind of supervision of what the commission was doing. When I was not present at the sittings I was informed of what went on, and the only check, therefore, was the fact that they were responsible men appointed, of course—

Q. Did you audit this last account of Mr. Birnie?—A. I adopted the same rule in regard to that account, the accountant went over it first. He usually ticks it down the side and I was looking for his marks. I certified that it was audited.

Q. Who employed the stenographers?—A. Mr. Birnie employed the stenographers. In my absence he presided over the commission.

Q. Were you consulted about it?—A. I am trying to recollect as to whether we had a discussion about that. At the first meeting we had no stenographer, and then I left for British Columbia. I think I was away and could not be consulted. I think I was away west at the time.

Q. The first meeting?—A. The first meeting we had no stenographer. Those are the meetings I spoke of.

Q. How many meetings were there?—A. At Parry Sound we had, I think, three to go over and arrange the commission's work.

Q. How many days were you employed there without a stenographer?—A. I think three days probably.

Q. I see these stenographers received altogether \$1,379.40. Who arranged with them for the rates they should charge?—A. Well, that was a matter which I know nothing about. I did not know the rates the stenographers are paid at all, and therefore I told the accountant I would have to leave that in his hands.

Q. Were you consulted before a stenographer was engaged?—A. No, I was not. I was away on the Pacific coast.

Q. The charge is 10 cents a folio, \$672 for one stenographer, and another stenographer received for 2,664 folios \$266.40, and another stenographer received for notes taken and extending the evidence taken before the commission, July 21st to September 21st, 2,208 folios at 10 cents, \$220.80, and another stenographer received \$25.20, and at other times there were payments to these stenographers of \$11, \$114 and \$30, making altogether \$1,739.40?—A. Well, that item was discussed between the accountant and myself, and I understood that was the usual rate paid for that kind of work—so much a folio.

Q. You did not know who was employed?—A. Well, I really did not know the people, of course. I saw them at some of the sittings, but I have no personal knowledge of them.

Mr. McCARTHY (Simcoe).—Is it your intention to go into the determination of that account now?

Mr. McLEAN (Queen's, P.E.I.).—Not very much.

Mr. McCARTHY (Simcoe).—Because I only desire to call the attention of the committee to the fact that the proceeding is most irregular if it is the intention of the hon. gentleman (Mr. McLean) to go into that account now, because if you look at the first page of that account you will find that payments in respect to it were made during the current year, and if Mr. McLean will be kind enough to read out to the committee the note which the Auditor General has put on the first page of that return,



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in which he says: 'There are no accounts in support of these advances in this office. They were made on the application of Professor Prince, to be accounted for in the fiscal year 1907-8.' So that we are investigating the accounts which the Auditor General has not yet audited, and which, of course, are not before us, because his report for that year is not here. I only desire to call the attention of the committee to the fact, because it is a most irregular proceeding. What we are, I understand, investigating are the advances, amounting to \$3,250, made to Mr. Birnie and Mr. Noble, part by Professor Prince and part by the department.

The CHAIRMAN.—The item I have read here from the Auditor General's Report amounts to \$2,250 advanced to Mr. Birnie and \$1,000 advanced to Mr. Noble. That portion of this larger account is properly before the committee.

Hon. Mr. BRODEUR.—I think that the point raised by Mr. McCarthy is a very fair one. What we are called upon to examine into are the advances made to Mr. Birnie and Mr. Noble during the year 1906-7, according to the item on page P-171 of the Auditor General's Report, those advances amounting to \$3,250. Now, I suppose it will be fair for the committee to investigate whether that sum of money was due at the time, for the purpose of seeing whether the department was justified in making that advance. But my hon. friend seems to want to go farther, and wants to investigate a payment made during the year 1907-8, the report for which is not before us.

Argument followed.

*By Mr. McLean (Queens, P.E.I.):*

Q. An advance was made by the department to these gentlemen, no accounts being produced, and later on—during the existing fiscal year, I suppose—the accounts were settled?—A. Yes, sir.

Q. Did you go over these different items in the accounts yourself?—A. I went over them, so far as the dates were concerned, to ascertain that they corresponded with the sittings which had been held.

Q. Take the charge for a rig to Meaford and return, \$5, that is in Noble's account?—A. Yes.

Q. I suppose you checked over all these items?—A. I looked over these items, yes.

Q. Then do you notice in Mr. Birnie's account that there is a similar charge of \$5 for a rig to Meaford?—A. Yes.

Q. Can you find in the accounts any vouchers for Mr. Birnie?—A. I know there is a voucher in one account but it is not an unusual thing for two men to take separate carriages.

*By Mr. Bennett:*

Q. Who passed this account of Noble's?—A. It went to the Accountant's Branch and was gone over in the usual way.

Q. Take notice of an account dated Little Current, December 9, 1905, and signed J. J. Noble. Whose signature is that at the bottom of the account?—A. That is my signature.

Q. The certificate reads, 'I hereby certify that the above charges are fair and just and were authorized.' That is your certificate?—A. That is my certificate.

Q. Now I find the following item in Mr. Birnie's account dated 25th September, 'Rig to Meaford and return, \$5'?—A. That is in Mr. Noble's account.

Q. Why did you certify that that charge of \$5 was right, was it because of the receipt of McMillan Bros. reading, 'Fisheries Commission, September 25th, carriage \$5.' Did you certify that Noble had apparently paid that amount because that account was there?—A. That was the reason I certified to that item, that it was clear that it had been paid.

Q. It was clear that Birnie had disbursed \$5?—A. No, Mr. Noble.

Q. Mr. Noble rather.

Mr. MCCARTHY (Simcoe).—That is hardly fair. Is the receipt attached to Birnie's or Noble's account?

Mr. BENNETT.—It is included with the rest.

Q. Now taking the account of Mr. Birnie I find on 25th September the item 'rig to Meaford, \$5.' That is on exactly the same date, in the same year, as the other charge is it not?—A. Yes.

Q. Now can you find me any vouchers showing that \$5 was paid by Mr. Birnie for a rig to Meaford?—A. Of course, that was a matter for the accountant, it was not my concern.

Q. Taking Mr. Birnie's account I find this certificate at the bottom: 'I hereby certify that the above charges are fair and just and were duly authorized. (Sgd.) E. E. Prince.' Is that your signature?—A. That is my signature, yes.

Q. And you went over this account of Mr. Birnie's?—A. After it had been audited by the Accountant's Branch.

Q. And you certified to it that it was right?—A. I certified to it.

Q. When this item of \$5 was charged by Mr. Birnie for a rig on September 25th, it is the same price and for the same place for which Mr. Noble paid a bill of \$5, had you any certificate or any voucher to show that Mr. Birnie had paid \$5 for his rig to Meaford?

Mr. MCCARTHY (Sinner).—I object to your stating that Mr. Noble paid it, there is no evidence that he paid it at all there is the evidence of an account there for \$5.

Mr. BENNETT.—Well, the accounts of Mr. Birnie and of Mr. Noble showed that each of them had paid \$5 on September 25th for a rig from Collingwood to Meaford and among the vouchers there is one that would show that there was a rig actually hired on that day. Have you any more than that one voucher?—A. Mr. Noble's account shows one voucher.

Q. There is one voucher shown in Noble's account, it doesn't say in the account that the voucher is shown, but there is one voucher shown. Is there any other voucher besides that one to show that \$10 was paid on that date for that service?—A. No voucher appears here.

*By Hon. Mr. Brodeur:*

Q. Is it fair to say that \$10 had been paid for it, I do not think there is any evidence that \$10 had been paid.

*By Mr. Bennett:*

Q. I will put it this way. The charge was made; why did you certify and allow each of them \$5 for a rig to Meaford when there was only one voucher there? How far is Meaford from Collingwood, are you aware?

Mr. SPROULE.—21 or 22 miles?

A. I do not know, I have not been to Meaford so I do not know.

*By Mr. Bennett:*

Q. You do not know personally?—A. I do not know personally.

Q. Well, now, did you make any enquiry from either of these gentlemen, Mr. Birnie or Mr. Noble, as to whether they had driven together or who had actually paid that bill?—A. Of course my reply to that is, I am not a salaried auditor, I have two certified accounts which have been already audited by the official auditors.

Q. Did you certify as to its correctness?—A. Oh yes.

Q. Now, take this account of Mr. Birnie's which totals up \$4,611, and I call your attention to this item, 'July 25, carriage Midland to Penetang, \$3,' and another item, this is in the year 1906, 'July 21, carriage Penetang to Midland, \$3.' Now that is in Mr. Birnie's account. Then taking Mr. Noble's account for the same date '25th July, to carriage Penetang to Midland, \$3,' and 'July 23, to carriage Penetang to Midland, \$3, do you know the distance between Midland and Penetang?—A. I really do not know.

Q. I may say it is about 3½ miles. Now, when these accounts passed through your hands, did it strike you there was a charge made by each of these gentlemen for a separate conveyance at \$3?—A. That is quite a common thing.

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Q. That is quite a common thing you say?—A. It is quite a common thing for men to take rigs in that way.

Q. Do men employed on a commission, is it a common thing for them, when they have a distance of three miles to drive a rig separately? Can you tell me what order of precedence they take driving along the same road?—A. They do not always stay at the same hotel.

Q. Now take these accounts here, I have shown you that on that date, July 23, each of these commissioners charged \$3 for a rig from Penetang to Midland. Now I read this among the vouchers, 'July 23rd, '06, Received from John Birnie \$3 fare Penetang to Midland, Jos Dault.' that is right, isn't it?—A. Yes.

*Hon. Mr. Brodeau:*

Q. What year was that?

Mr. BENNETT.—1906.

*By Mr. Bennett:*

Q. Now, I read another livery account here, 'Penetanguishene, July 23, '06, Recd. from John Birnie, of Fisheries Com., \$3 fare from Midland to Penetang and carriage. Thomas O'Reilly.' It is quite plain that Mr. Birnie, according to the receipts, paid \$3 for that conveyance, one from Penetang to Midland and one from Midland to Penetang back, both on the same date, July 23, apparently, which, as a matter of fact, was the case. Can you find a bill where Mr. Noble paid \$6 on that day which he charges up?—A. You mean a voucher?

Q. A voucher, yes.—A. No, the vouchers were not always given with these accounts.

Q. They do not always furnish vouchers? And if Mr. Birnie furnished a voucher you would pass his account, and if Mr. Noble did not furnish a voucher you would also pass his account without the voucher?—A. I should first of all require the accountant to go over it and to look into these details.

Q. You think from your knowledge that two commissioners driving around to the same place would each one hire a conveyance.

Mr. McCARTHY (Simcoe), objected that this was a matter which had not yet been settled by the Auditor General, the accounts not yet having been paid. Although the account might have passed the officers of the Marine Department it had yet another step further, to pass the Auditor General before payment.

*By Mr. Bennett:*

Q. Well, Mr. Noble makes a charge there of \$6 and there is no voucher there to show that he paid it at all.—A. There is no voucher at all.

Q. Has Noble been recently fined by the Fishery Department for illegal fishing? Mr. McCARTHY (Simcoe) objected to the question.

*By Mr. Bennett:*

Q. It is a fact he has, has he not?

Hon. Mr. BRODEUR objected that the examination should be confined to the item under consideration by the committee.

*By Mr. Bennett:*

Q. I want to call your attention to this account of Noble's: 'Rig from Owen Sound to Meaford.' Look at that item please of \$3.50?—A. I see that.

Q. What was that amount originally?—A. My sight is not very good.

Q. It now is \$3.50, what was it originally, \$2.50 was it not?—A. (After examining account.) It is a little uncertain what it was.

Q. It has evidently been changed?—A. Evidently corrected.



Q. So that Mr. Noble changed his account in respect of that rig from \$2.50 to \$3.50 apparently?

Mr. McCARTHY (Simcoe).—Is it fair to say that Mr. Noble did it?

Mr. BENNETT.—I will take the chance that it was Mr. Noble.

Q. In the case of this Meaford charge, the receipt is not in the name of either of the two commissioners, so that either may have paid it?—A. I think they were asked for vouchers, I think you will find that in the correspondence.

Q. I think you will find that you did not get them. You cannot find them here, anyway?—A. No, sir, they are not attached.

Q. Well, did it arouse any suspicion in your mind when you saw these double charges, each commissioner charging for a conveyance to ride about in?—A. My reply to that would be that in some previous cases I have known three rigs to be engaged by a commission of seven members; on the same day three charges would be made for rigs from one place to another on the same journey, so it did not surprise me when in a commission of this kind charges of that kind were made on the same day.

*By Mr. McLean (Queens, P.E.I.):*

Q. Among the accounts there is a bill from the Queen's Hotel, Toronto, to John Birnie, 'To board, 5 days, \$17.50; wine, \$2.30; cigars 10 cents, telegraph, 25 cents; telephone 50 cents.' Would not the \$5 a day allowed for living expenses include these charges? That was paid was it not?—A. Those items were objected to.

Q. In the face of that you allowed Mr. Birnie \$5 a day?

Hon. Mr. BRODEUR.—Oh, no.

Mr. McLEAN (P.E.I.).—You allowed him \$5 a day instead?

Mr. McCARTHY (Simcoe).—What is the good of referring to these charges if they were struck off?

Mr. McLEAN (P.E.I.).—It shows that misrepresentations were made.

Hon. Mr. BRODEUR.—What is the date of that bill?

Mr. McLEAN (P.E.I.).—March 17th, 1906.

Hon. Mr. BRODEUR.—And do you say he got a living allowance for that part of his account?

Mr. McLEAN (P.E.I.).—He got a living allowance at the rate of \$5 a day.

Hon. Mr. BRODEUR.—Yes, but for that part of his account?

Mr. McLEAN (P.E.I.).—For that part, yes.

Hon. Mr. BRODEUR.—I would like to see the authority for that.

Mr. McLEAN (P.E.I.).—Look at the account.

The CHAIRMAN.—It can easily be determined.

Mr. BENNETT.—Read the order in council where the \$5 was granted.

Mr. McLEAN (P.E.I.).—You will find the first item in the account is for living expenses.

The WITNESS.—May 6, 1907, was the date of the order in council, I think.

The CHAIRMAN.—The item under discussion appears in a bill incurred in 1906. The question is whether order in council extended back.

Mr. McLEAN (P.E.I.).—The commissioners could not give particulars. Mr. Birnie made a declaration and they allowed him \$5 a day from the commencement.

Hon. Mr. BRODEUR.—From October, 1905, to 1906, because he did not keep a detailed account of his expenses.

Mr. McLEAN (P.E.I.).—Here is an account of the Queen's Hotel in which Mr. Birnie is only charged \$17.50 for 5 days.

The CHAIRMAN.—That account was not acted on.

Mr. McLEAN (P.E.I.).—That account was not acted upon but here is another one. This is an account of the Belvidere Hotel, Parry Sound, for August 3, 1906: 'Mrs. and Miss Perdue, 2½ days, \$9, buss \$1.' That would be less than \$2 and Mr. Birnie boarded at the same hotel at the same time and at the same rate.

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*By Mr. McLean (Queen's, P.E.I.):*

Q. Do you know who Mrs. Perdue is?—A. I never met Mrs. Perdue.

Q. Miss Perdue was a stenographer?—A. Yes, I have seen Miss Perdue but I don't know that I would know her again. I have not seen very much of her.

*By Mr. Bennett:*

Q. Miss Perdue was a stenographer on this work?—A. Yes, she was.

Q. Was Mrs. Perdue engaged on the work, are there any bills for Mrs. Perdue?—A. I was not present when Mrs. Perdue was attending the commission.

Q. Why did you pass an account for board for Mrs. Perdue?—A. Attention was called to these items, I think you will find, Mr. Bennett, by correspondence.

Q. But the account is paid?

Hon. Mr. BRODEUR.—No, that has never been paid by the government.

The WITNESS.—I think Mr. Birnie paid that.

Mr. McLEAN (P.E.I.).—I see an item in Mr. Birnie's account: 'Paid hotel bill of stenographer at Parry Sound, \$8.'

Mr. McCARTHY (Simcoe).—Mr. Birnie informs me these accounts were not allowed. They were disallowed by the officers of the department, so that they are not the subject of investigation.

Mr. McLEAN (P.E.I.).—There are two certificates on Mr. Birnie's account. One certificate, which is signed by John Birnie, reads: 'I certify that the above expenses were incurred on government business in connection with the Georgian Bay Fisheries Commission.' Then there is another certificate: 'I hereby certify that the above account is correct, and the expenditures were made on government business. (Signed) E. E. Prince.'

Mr. McCARTHY (Simcoe).—These are not expenditures that were paid for by the government.

Mr. McLEAN (P.E.I.).—These are expenditures that were made and charged in his account.

Mr. McCARTHY (Simcoe).—Pardon me, they were disallowed by the officers of the department.

Mr. McLEAN (P.E.I.).—They were not disallowed.

Mr. McCARTHY (Simcoe).—Mr. Prince has already said so.

The WITNESS.—The \$5 a day was substituted for that.

The CHAIRMAN.—Did that \$5 per day apply to the stenographers?

Mr. BENNETT.—No.

Mr. LENNOX.—The recital in the order in council is that these gentleman are unable to give particulars of their living expenses; we show by the vouchers before the committee that they were able to give particulars in many instances, and that those particulars did not aggregate \$5 per day.

The CHAIRMAN.—Let us understand this. Mr. Bennett says that the order in council does not apply to the stenographers.

Hon. Mr. BRODEUR.—As far as the department is concerned, I have not the least objection to have a full investigation. I am sorry to say that Mr. Bennett takes an item here and there and tries to create a suspicion that something is wrong. Now, we are going on to investigate the whole thing since it has been started, from beginning to end, and we will also have to investigate the accounts during the current fiscal year in order to do so.

*By Mr. McLean (Queens, P.E.I.):*

Q. Here is an account, August 10, 1906, for the Hotel Cotenaning, John J. Kelly, proprietor, at French River: '2½ days for self, \$5.' How much would that be a day?—A. A very low rate.

Q. That is not \$5 per day?—A. You say 2½ days?

Q. That is the first item. Now here is '2½ days for stenographer, \$5.' That is for the same length of time, so they were saving some there, weren't they?—A. Yes.

Q. Then there is an item for cigars and another for extras, which were allowed?—A. Attention was called to these items and Mr. Birnie wrote, I know, that he could not live for less than \$5 per day when away from home.

Q. Here is the Killarney Hotel bill for Miss Jeffery, the stenographer, 3 days at \$2 per day, and then here is another one for the same hotel for 6½ days at \$2 per day, \$13. So it is in nearly all these hotels—here is Miss Jeffery again at the Paterson House, Owen Sound, 2 days at \$2 per day?—A. Of course, the rates are not all the same, there are different classes of rooms.

Q. Did you find a single account here for \$5 per day, or anything near it? They average between \$1.50 and \$2?—A. \$5 per day was allowed.

Q. Were you consulted about that yourself, about the change?—A. As to the change, the allowance was made, I think, on the objection of Mr. Birnie that he was out of pocket by the way in which the department was curtailing his account.

Q. How could he be out of pocket?—A. A number of his letters here on the file, which has been in your hands, state that.

*By Mr. Reid (Grenville):*

Q. Did he state it was on account of the whisky and cigars he was out of pocket?—A. I am not—

Q. Was that one of the reasons?—A. I do not smoke. I am a temperance man I do not know anything about it.

Q. You say that he gave reasons why that allowance should be made, stating that he was out of pocket: was that one of the reasons he gave?—A. I do not think he goes into details in the letters.

*By the Chairman:*

Q. The letters are here, are they not?—A. Yes, there is a letter here.  
The CHAIRMAN.—Well that speaks for itself.

*By Mr. Sproule:*

Q. At the commencement of this examination you were asked how many days the commission sat, and I think you answered you could not say?—A. I could not definitely state.

Q. Were there not minutes made of each meeting and of the date of such meeting?—A. Oh, yes, I could ascertain by looking over the report of the minutes of each sitting. The information is in the department.

Q. But you haven't it in your memory?—A. No, sir.

Q. That is what I wanted to know. It seems to me if they were regularly conducted meetings there would be minutes made of the proceedings of each meeting, showing the places where they were held?—A. Oh, yes, there are minutes of everything.

Q. There is a certain account there which you certified was 'just and duly authorized'? What do you mean by duly authorized?—A. That was a form which implies that these commissioners were authorized to travel and incur the expenditure of rigs, hotel expenses, &c., so that the expenses were 'authorized.'

Q. Under what authority, under the authority given by the order in council?—A. The order in council, yes, sir.

Q. That is the order in council appointing them?—A. Yes, the order appointing them.

Q. Therefore the order in council should state how much expenses would be allowed them?—A. It states their disbursements.

Q. But you would naturally regard the order in council as authority which justifies the expenditure?—A. That was my authority, the order in council, yes, sir.

Q. Well then, if the order in council authorized one rate of expenditure and the accounts contained another would you regard it as the proper authority for the larger amount?—A. I should take it from the Audit Department, and if the Audit Depart-



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ment passed it, I imagine as an auditor he knows his business, and I should feel justified in certifying. I would look over these things, not as an auditor so much as chairman of the commission.

Q. Then you haven't regard to the order in council at all, but to the fact that the auditors passed it?—A. It is always passed by the auditor first. I would go over the items, I have gone over all these items, the accountant himself asked me to.

Q. Did the auditor go over these accounts that you certified to?—A. He went over them first, I notice his mark on them.

Q. If that be a fact then how does it happen that the amounts which were paid were larger than what was justified by the order in council, evidently the auditor did not detect that?—A. I do not think there are any items in the account that exceed anything authorized in the order in council. I mean the order in council says disbursements.

Q. But disbursements were to be actual disbursements?—A. Yes.

Q. These accounts show that the actual disbursements were \$3 per day for living expenses; where does it justify paying \$5 per day?—A. But there is the point, that \$5 per day was not authorized until long after these accounts were in and had been discussed in the department, and Mr. Noble and Mr. Birnie claimed that they were out of pocket and they could not produce vouchers for everything.

*By Mr. McCarthy (Simcoe):*

Q. That they had not the vouchers?—A. That they had not the vouchers in some cases.

*By Mr. Sproule:*

Q. On what ground did you say that the accounts were duly authorized if it was not until long after this was done?—A. The accounts were in long before the \$5 a day was allowed, and I certified to these accounts when they were certified to by the auditor: but they were afterwards overridden.

Q. You did that regardless of the authority contained in the order in council?—A. The later order in council was not passed at the time.

Q. No, but the original order in council put the charges at certain figures, and that would be your authority, would it not?—A. I think the wording of the order in council is the usual wording, that the living and travelling disbursements shall be paid.

Q. What would you understand by that, wouldn't you understand the actual disbursements?—A. Quite so, that was it.

Q. It might be that the accounts which purported to give the actual disbursements were not the ones that were actually paid, you certified to them, but there was more than that paid? Then it was to be paid by some other authority?—A. No, sir. I do not think so, but only the ordinary disbursements of a man travelling.

Q. No, but the accounts show the disbursements exactly. The money paid for that purpose was much larger than the actual disbursements?—A. That amount was paid under the later order in council.

Q. Were there two orders in council, one authorizing payment of the actual disbursements and another authorizing the payment of \$5 a day?—A. Yes, sir. The first one authorizing the payment of their living and travelling expenses is dated July 22nd, 1905.

Q. Yes?—A. But on May 6, 1907 the later order in council was passed authorizing a payment of \$5 a day, that is two years afterwards.

Q. That is after the accounts were all in?—A. After the accounts were in and gone over but they were not settled.

Q. They were not settled?—A. No, there was a long delay in the settlement of them.

Q. I thought there were a lot of them paid before that time?—A. You will find by the correspondence laid before the House that there was a long delay.

Q. They were paid out of advances that were not finally settled up?—A. Advances were made that were not finally settled.

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Q. And they were paid out of these advances?—A. That is it exactly, yes.

*By Mr. Bennett:*

Q. This account of Noble's starts at what date?—A. September 9, 1905.

Q. September 9, 1905 and it ran down to what date?—A. October 18.

Q. And what were Noble's total disbursements during that time?—A. \$331.70.

Q. And that covered all the railway and steamboat fares?—A. Yes, sir.

Hon. Mr. BRODEUR.—The accounts speak for themselves.

Mr. BENNETT.—Unfortunately the account has not gone into the evidence in full but we will have it inserted now and marked Exhibit A.

The WITNESS.—It includes the commissioners' per diem allowance.

### EXHIBIT A.

LITTLE CURRENT, December 9.

Dominion of Canada Marine and Fisheries Department Dr. to James J. Noble.  
1905. Interim Account.

9 Sept. to 20 Oct., 05.

Oct. 21	Forty-two days at \$7 per diem . . . . .	\$294.00
Sept. 9	Fare Killarney to Little Current . . . . .	1.00
" 12	Little Current to Owen Sound . . . . .	5.25
" 13	Rig Owen Sound to Meaford.. . . .	3.50
" 13	Fare Meaford to Collingwood.. . . .	70
" 14	" Collingwood to Owen Sound . . . . .	2.00
" 14	" Bus fare to Owen Sound.. . . .	50
" 18	" Owen Sound to Wiarton . . . . .	70
" 22	" Wiarton to Owen Sound . . . . .	70
" 22	Rig Owen Sound to Meaford.. . . .	3.50
" 22	Fare Meaford to Collingwood.. . . .	70
" 25	Rig to Meaford and return . . . . .	5.00
" 26	Fare to Thornbury and return.. . . .	1.20
" 28	Fare to Toronto and return for Commission for information Fishery Department . . . . .	5.70
Oct. 7	Fare Collingwood to Killarney . . . . .	4.50
" 15	" Killarney to Manitowaning . . . . .	1.00
" 18	" Manitowaning to Little Current . . . . .	1.00
	2 wires . . . . .	75
		<hr/>
		\$331.70
Paid in advance \$100 Oct. 16, 1905.. . . .		100.00
		<hr/>
		\$231.70

Yours sincerely,

(Sgd. JAMES J. NOBLE,  
*Little Current.*

I hereby certify that the above charges are fair and just and were authorized.

Jan. 8, 05.

(Sgd.) ED. E. PRINCE.

Mr. BENNETT.—We will also put in at this stage the account of Mr. Birnie and have it marked Exhibit B.

## APPENDIX No. 1

## EXHIBIT B

Dominion of Canada. Marine and Fisheries Department. To John Birnie, K.C.,  
Collingwood, Dr.

1905.

Interim Account.

Oct. 21—Forty-four days as commissioner, from September 6 to October 21, at \$7 per diem. . . . .	\$308 00
Forty-four days as secretary to the commission at \$3 per diem (stand) . . . . .	132 00
Sept. 6—Fare to Parry Sound and return via Penetang . . . . .	5 75
" 9—Boat hire at Parry Sound . . . . .	1 00
" 14—Steamboat fare to Owen Sound. . . . .	2 00
Buss fare at Owen Sound, two trips. . . . .	50
Paid telephone message to <i>Bulletin</i> for advertising matter. . .	50
Minute-book. . . . .	25
" 15—Two telephones to <i>Bulletin</i> re advertising matter. . . . .	50
Paid fee to constable at Owen Sound (room for sittings). . .	1 00
Stamps. . . . .	50
" 17—Fare to Wiarton . . . . .	70
Fee to constable at Wiarton (room for sittings) . . . . .	1 00
Paid telephone messages at Wiarton. . . . .	75
Stamps. . . . .	50
Paid rig to Oliphant . . . . .	3 00
" 22—Fare Wiarton to Owen Sound . . . . .	70
Paid rig from Owen Sound to Meaford. . . . .	3 50
Paid fare Meaford to Collingwood. . . . .	70
" 25—Paid rig to Meaford. . . . .	5 00
Fee to constable at Meaford (room for sittings). . . . .	1 00
" 26—Rig to Thornbury. . . . .	5 00
Half a dozen files for evidence. . . . .	2 00
Express. . . . .	40
Stamps. . . . .	50
Oct. 7—Fare per steamboat to Killarney. . . . .	4 50
Man on boat at Killarney two days (visiting fishing net, &c.). .	5 00
" 15—Fare Killarney to Manitowaning per boat. . . . .	1 00
" 18—Fare from Manitowaning to Little Current per boat. . . . .	1 00
Fare Little Current to Collingwood. . . . .	3 50
Paid six months' hire of typewriting machine. . . . .	40 00
Paid stenographer's fare to Owen Sound. . . . .	2 00
Tea on vessel for stenographer. . . . .	50
Buss fare for stenographer. . . . .	25
Paid hotel bill for stenographer at Owen Sound from September 14 to 17. . . . .	5 65
Buss to train for stenographer. . . . .	25
Stenographer's fare to Wiarton. . . . .	70
Hotel bill for stenographer at Wiarton from September 18 to 21	4 50
Paid fare and living expenses of stenographer from Wiarton to Collingwood. . . . .	5 20
Dinner at Meaford for stenographer. . . . .	50
Dinner at Thornbury for stenographer. . . . .	50
Fare Collingwood to Killarney for stenographer. . . . .	4 50
Meals and berth on steamer for stenographer. . . . .	2 50
Hotel at Killarney for stenographer from October 8 to 15. . .	14 00
Fare to Manitowaning for stenographer. . . . .	1 00
Meal. . . . .	50
Hotel at Manitowaning for stenographer from October 15 to 18.	6 00



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Fare to Little Current for stenographer.. . . .	1 00
Hotel bill at Little Current for stenographer from October 18 to 21.. . . .	5 50
Fare for stenographer from Little Current to Collingwood.. . .	5 50
Meals and berth for stenographer.. . . .	2 50
Paid stenographer for 38 days from September 13 to October 23 at \$3 per day.. . . .	114 00
	<hr/>
	\$710 80
<i>Cr.</i>	
By cash from Prof. Prince.. . . .	200 00
	<hr/>
	\$510 80

I hereby certify that the above charges are fair and just, and were duly authorized.

(Sgd.) E. E. PRINCE.

January 8, 1906.

*By Mr. Bennett:*

Q. Do the accounts of Mr. Birnie and of Mr. Noble which have just been put in show the exact amount claimed to have been disbursed by them in connection with attendance at the sittings of this commission?—A. It shows their disbursements attending the commission.

*By Mr. Sproule:*

Q. And you certified to them as correct?—A. Yes, I went over them and certified them to be correct.

Witness discharged.

Mr. JOHN BIRNIE, K.C., called, sworn and examined:

*By Mr. McLean (P.E.I.):*

Q. You were a commissioner appointed by the government to investigate the Georgian Bay fisheries?—A. Yes, sir.

Q. When did you commence your duties?—A. Some time in September, 1905.

Q. Where did you meet?—A. At Parry Sound.

Q. Who met there?—A. I was met there by the chairman, Professor Prince. That was the initial meeting of the committee.

Q. And you went to work then?—A. Yes.

Q. Where did you go first?—A. Owen Sound, I think. If you have the evidence it will show the dates.

*By Hon. Mr. Brodeur:*

Q. The accounts will perhaps show them, too?—A. The accounts will show them.

Q. Well, here they are (producing accounts?—A. I have something that will show it better still (after referring to memoranda). Yes, it was Owen Sound.

Q. When did you first employ a stenographer?—A. Then, to go to Owen Sound.

Q. To go to Owen Sound?—A. Yes.

Q. Who did you employ?—A. Miss Perdue.

Q. She was employed in your office?—A. In my office, yes. Previous to this she had been with me for a number of years.

Q. And you had been paying her a salary?—A. Yes.

Q. What were you paying her?—A. Have I got to tell that?

Q. I won't press that question. Did you make arrangements with her about what

## APPENDIX No. 1

remuneration she was to be paid?—A. Yes, I think so. It was \$3 a day while she was away from the office on the work of the commission.

Q. \$3 a day?—A. Yes; we paid \$5 a day to men stenographers when we had them on the commission.

Q. How many men did you employ?—A. They were not employed at one time, but at different times.

Q. Did you employ any in 1905 or 1906?—A. No men, no.

Q. It is all ladies?—A. Yes.

Q. Who were they?—A. There was Miss Perdue, Miss Jeffery and Miss Simpson. I guess that was all.

Q. That is all?—A. Yes.

Q. Now, Miss Perdue?—A. No, there was Miss Battrick, Mr. Bennett's stenographer.

MR. BENNETT.—Miss Battrick got the money herself. You will see the date she earned the money and the date upon which she got it.

THE WITNESS.—Sure.

*By Mr. McLean (P.E.I.):*

Q. How long was Miss Jeffery employed?—A. She has been with us for a couple of years.

Q. She has been with you for a couple of years?—A. She was with us last year.

Q. How long was Miss Battrick employed by you on this work?—A. By the kindness of Mr. Bennett and Mr. Finlayson we had her with us only for a day or so.

Q. You were appointed as commissioner at \$7 a day?—A. Yes.

Q. That was all?—A. Unfortunately, it was.

Q. And your expenses?—A. \$7 a day and living expenses and disbursements.

Q. You were satisfied with that at first, were you not?—A. I was at first, yes.

Q. At first?—A. Yes.

Q. And then you thought you ought to get \$3 a day more?—A. That was at the end of 1905, yes.

Q. At the end of 1905?—A. Yes.

Q. It was in January, 1906, was it not, that you sent an account in?—A. It was made out in 1905.

Q. And you charged for 44 days as secretary at \$3 per day?—A. Yes.

Q. You charged for acting as secretary \$132?—A. Yes.

Q. You were satisfied with that?—A. I was at that time.

Q. But subsequently you applied for an increase? To whom did you apply for that increase?—A. To the minister.

Q. And he allowed you how much?—A. \$10.

Q. Besides the \$7?—A. Besides the \$7.

Q. Making it \$17?—A. Yes.

Q. And then you got \$5 for travelling expenses?—A. For living allowance.

Q. In addition to that you got all your travelling expenses?—A. Yes, the \$5 a day was simply for living expenses.

Q. For living expenses?—A. Yes.

Q. At hotels?—A. Yes.

Q. So you receive \$7 per day as commissioner, \$10 per day as secretary and \$5 per day for living expenses, and in addition to that your travelling expenses?—A. Just so.

Q. How many days were you employed altogether?—A. I cannot tell you that from memory; the accounts will show you that.

Q. That will be \$17 a day as commissioner and secretary, and \$5 for living expenses, making altogether \$22 per day?—A. Yes.

Q. And besides that you received your travelling expenses?—A. Yes, just so.

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*By Hon. Mr. Brodeur:*

Q. Your living expenses for the whole time?—A. Yes.

Q. From the commencement?—A. From the commencement. If you will permit me to explain then—I do not know what your custom is here, but if you wish me to explain as I can, I will be very pleased to explain as we go along, or I will answer your questions first.

Q. This is your account here?—A. Let me see it. (File handed to witness.)

Q. That is certified to by Mr. Prince?—A. Yes, that is right.

Q. That is your account?—A. Yes; the hotel bills are not in that.

Q. The hotel bills are not in it?—A. No; there is nothing for living expenses in that account at all.

Q. You were paid that, were you not?—A. No, I was not paid that.

Q. That is in 1905?—A. No, I was not paid it.

Q. How much were you paid?—A. \$378.

Q. \$378?—A. Yes; and you will see there—

Q. You have received more than that. How much have you received altogether?—A. I can't tell you that.

Q. \$2,250?—A. Yes, more than that.

Q. Besides travelling expenses?—A. No, that included travelling expenses, that included everything. The payment made up to March, 1907, was about half the amount due me; it was made up of accounts which included everything, travelling expenses and everything else.

Q. Do you know how much you were paid altogether?—A. I could not tell you from memory.

Q. You could not tell?—A. Not from memory.

Q. I make it out that you were paid for your services as commissioner and secretary, \$2,295?—A. That is quite correct, I have no doubt—up to what time?

Q. Up to March, 1907?—A. I think that is correct.

Q. That is correct?—A. That is correct.

Q. You have received payments since then not included in this account?—A. Yes.

Q. How much?—A. I could not tell you off-hand.

Q. You cannot tell within \$1,000 or \$500?—A. No, I would not like to say.

Q. How many days were you employed in the year 1907?—A. From June 21 to October, I guess, sometime in October.

Q. You have been paid for that?—A. It was over four months.

Q. You have been paid for that?—A. No, I have not, not all; there is still money due me.

Mr. MCCARTHY (Simcoe).—We are not investigating that now.

Hon. Mr. BRODEUR.—Perhaps it is as well to have the whole thing now?

The WITNESS.—There is money due me in the department now.

*By Mr. McLean (Queens, P.E.I.):*

Q. But you have received \$2,295?—A. Yes.

Q. And you have received all that is due you for travelling expenses to March 31, 1907?—A. Yes.

Q. So that is included in this account which you rendered to the department?—A. Yes.

Q. You charged in that account \$5 per day from the commencement in 1905?—A. Just so.

Q. For living expenses?—A. Yes.

Q. And you charged \$10 per day?—A. As secretary, yes, and \$7 per day as commissioner.

*By Hon. Mr. Brodeur:*

Q. Not \$10 per day for the whole time?—A. Yes.

*By Mr. McLean (Queen's, P.E.I.):*

Q. That is what is charged here?—A. That is what I understood I was to get.



## APPENDIX No. 1

*By Mr. Bennett:*

Q. That is what there is in your own order in council?—A. I can explain it, sir.

*By Mr. McLean (Queens, P.E.I.):*

Q. Explain it then?—A. Well, in regard to the change—for instance there is an account that I put in as secretary for \$3 per day. When I was appointed I thought this was going to be a much smaller job than it actually turned out to be. I thought it would be finished up in a couple of months. When I was first requested to act as commissioner on the Fishery Commission for the Georgian bay I thought it would last a month or two and would then be all over. We did what work we could in 1905, and I did the secretarial work—that is, I arranged the meetings, hunted up the witnesses, wrote all the letters necessary, hired the halls, and supervised the typewriting of the evidence, &c., and I thought that was worth \$3 per day anyway over and above what I was getting as commissioner, and I put in an account for \$3 per day for secretarial allowance without consultation with anybody. If that account had been paid then and I had been discharged from my duty I would have been quite satisfied, but it was not. In the next year, or during the next session, between 1905 and 1906, the duty of the commission was enlarged materially, and we were told to investigate the game fish of the Georgian bay, and also to investigate the matter of the ownership and rights of occupancy of Squaw island, which had long been a matter of dispute among the fishermen of Georgian bay.

Q. Were not those duties the same as had been assigned to you at first?—A. Not at all: it was a question between the two governments, between the province of Ontario and of the Dominion, and it was in regard to the possession of a certain island there. It was not a matter of fishing at all, but to find out the rights of the two parties.

Q. Did you have a separate commission in regard to that?—A. Yes. It was explained to us also that our sphere of action was extended to Lake Erie. I saw it was going to be a long concern, and I quite appreciated Mr. Bennett's remark in the House that a King's counsel who would work for \$7 a day would be a very poor one. I came down and saw Hon. Mr. Brodeur, and then I asked for an allowance as secretary, and I told him that I had to get more money than \$7 a day as commissioner and \$3 a day as secretary or I would get off the commission. I persuaded Mr. Brodeur to make that \$10 a day, and I said I would not work on the commission unless I got it.

Q. And that came from the commencement?—A. Yes, right from the commencement.

*By Mr. Bennett:*

Q. Seriously, on your oath now, was it in consequence of the statement made by me in the House that you made that demand?—A. Which?

Q. Was it in consequence of that statement made by me in the House that you raised the fee?—A. Oh, no; you do not suppose I attach any importance to any statements made by you either in the House or anywhere else, do you, Mr. Bennett?

Q. But this has gone on the evidence as your oath?—A. Yes, that I appreciated the remark which you made, and so I do.

Q. And in a department where there is no attempt to have any conscience I don't blame you getting all you can?—A. But do not judge everybody by yourself. Now, in regard to the \$5 a day for living expenses, I do not know, Mr. Bennett may perhaps live on \$2 a day, but I can't. I can't live for less than \$5 a day when I am travelling about, for legitimate expenses.

Q. But you have sent in a bill from the Queen's Hotel for \$3.50 a day?—A. That is only the board bill. Is that all you pay when travelling?

Q. That includes everything?—A. That does not include everything; that is the board bill; a man does not simply live to eat, does he?

Q. We will see?—A. Well, see.

Q. (Reads): 'To board, 5 days, \$17.50?'—A. Yes, that is what I eat.

Q. 'Wines, \$2.50, cigars, 10 cents?'—A. Those are all struck out.

Q. This bill was not charged for?—A. Which?

Q. On this bill \$17.50 is all that is allowed?—A. Yes.

Q. 'Extra meals, \$1, telephone, 60 cents,' that would amount to \$22.02?—A. For board.

Q. That will include all your expenses?—A. No, that does not include all my expenses; it is what I ate and drank; that does not include everything.

Q. What else is required?—A. As you know perfectly well, as a travelling man, you cannot live on the amount of your mere board bill. There are gratuities you have to pay employees and others.

Q. And in consequence of that you went to the minister and asked for a per diem allowance?—A. I went to the Hon. Mr. Brodeur and said, I can't be bothered keeping the details of every small sum I pay out for living expenses, and I asked him to make an allowance for living expenses.

Q. Did you tell Mr. Brodeur that you intended asking that from the commencement, the \$5 a day allowance?—A. I do not know whether I submitted that or not, but I understood that.

Q. You understood that?—A. That I was to get it from the first, right from the first.

Q. Right from the first?—A. Yes. I don't know that I always complained to Mr. Brodeur.

*By Mr. Macdonald (Pictou):*

Q. You were in difficulty in getting the vouchers?—A. That is it; I could not produce the vouchers, and the accountant would not allow the account. I might say that Mr. Owen was very strict in regard to that account, and I could not get payment unless I had the account vouched for. I could not get these vouchers. I could not find them.

*By Mr. McLean (P.E.I.):*

Q. So you went to the minister and he got an order in council passed?—A. I do not know, but I think perhaps it was Mr. Owen who gave me the first suggestion of getting a per diem allowance.

Q. Yes?—A. I think he suggested that way of getting over the difficulty, because I wanted my money and I could not produce the vouchers. He said: 'Well, you might get a per diem allowance.'

Q. He would not allow the account to be passed?—A. No.

Q. And then you had to—?—A. Then I went to the minister and asked him to make a per diem allowance of \$5, and he agreed to give me \$5 a day.

*By Mr. McCarthy (Simcoe):*

Q. A specific amount of \$5 was agreed upon?—A. Yes. Mr. Bennett was asking about a charge of \$5 for a rig to Meaford. I cannot understand that being unpaid. I think, perhaps, if the Auditor General got after that it would be cleared up. I know, because Mr. Bennett told a friend of mine in Midland that Mr. Birnie had been defrauding the government out of \$5 in an account for driving a rig to Meaford, and I took the trouble to go down to McMillan Bros., the liverymen, and ask them. I found that I paid \$5 for the rig to Meaford on 25th September.

*By Mr. Bennett:*

Q. Did Noble ride with you?—A. I think Noble rode with me; we went together in the same rig.

*By Mr. McLean (P.E.I.):*

Q. Noble has made the same charge for a rig?—A. Apparently he has. I think he could explain that.

Q. Noble gives his voucher, but you do not?—A. Pardon me, it is my voucher.

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*By Mr. Bennett:*

Q. It is no voucher?—A. Well, I actually paid it. I make the statement that I actually paid that \$5.

*By Mr. McLean (P.E.I.):*

Q. Did you pay any of these bills to the stenographers before you received money from the government?—A. Yes.

Q. You did?—A. Yes.

Q. Did you pay this sum of \$266.40 to Miss Perdue?—A. I don't know whether I did or not.

Q. You got an order from Miss Perdue to receive the money?—A. Yes, it is all in there.

Q. Why did you get her to give you an order?—A. Because I wanted to get the money. I could not get it without an order.

Q. The same in the case of a second account of Miss Perdue?—A. Certainly.

Q. And the same with Miss Jeffery?—A. Just so.

Q. And did you receive this money yourself for those stenographers?—A. Yes.

Q. Did you pay them the full amount of these bills?—A. I cannot say what I paid them exactly.

Q. You cannot say?—A. No.

Q. Will you swear that you paid Miss Perdue the \$266.40?

Mr. McCARTHY (Simcoe).—Is this material? You can answer the question if you want to. Mr. Prince has said that the question of the stenographic fees was a matter of consultation between himself and the accountant.

The CHAIRMAN.—Do you mean Mr. Prince or Mr. Birnie?

Mr. McCARTHY (Simcoe).—Mr. Prince said so, and the accountant told him that it was the regular amount allowed to stenographers for government evidence. Now, after the account was passed by the accountant, after it was admitted to be a fair charge and the work done, is it material to whom the money went?

Mr. REID (Grenville).—Certainly.

Mr. McCARTHY (Simcoe).—All right.

The CHAIRMAN.—This lady directed the government to pay what was coming to her to Mr. Birnie.

Mr. McLEAN (P.E.I.).—She was employed by the government and she gives an order to Mr. Birnie to receive her pay. Now I want to know from Mr. Birnie if he paid that money over to the stenographer.

The CHAIRMAN.—Is that not a matter between themselves?

The WITNESS.—The stenographer's receipt is on the file, and that is a voucher.

*By Mr. McLean (P.E.I.):*

Q. There is no receipt for this money from the stenographer?—A. Yes, there is.

Q. There is only an order to pay?—A. Well, that is something.

Q. Is it?—A. Yes, the signature on that order is a voucher.

Q. I want to put the question to you so plainly that there can be no doubt about it. Take this bill of \$266.40, did you get that money from the government for Miss Perdue?—A. That \$266.40 was charged as a part of my bill.

Q. Well, it was not in as your bill, but as her bill?—A. She did not put in any account at all. I put in the account.

*By Mr. Reid (Grenville):*

Q. Is the account not in her name?—A. No, it is not, it is in my name.

*By Mr. McLean (P.E.I.):*

Q. The account is in her name?—A. That just indicates that Miss Perdue charged so much.



Q. The account is for \$266.40?—A. Yes, it is a stenographer's account for extending and typewriting evidence taken before the Fisheries Commission. I want to tell you another thing. That is a mistake there—

Q. Answer this question now?—A. That should be 5 cents and not 10 cents, because there was twice that many folios.

Q. Have you paid that money to Miss Perdue?

Mr. MCCARTHY (Simcoe).—You need not answer that unless you wish to.

Mr. BARNER.—I protest against Mr McCarthy making such a suggestion to the witness.

The WITNESS.—What I will say is that I paid Miss Perdue everything that is due to her from this government.

*By Mr. McLean (P.E.I.):*

Q. Did you pay Miss Perdue \$266.40 the amount of this bill?—A. I don't know whether I did or not.

Q. Did you pay her that money?—A. I paid her more money than that.

Q. Did you pay Miss Perdue the \$672 charged in one bill and also the \$266.40 charged in another bill?—A. You must understand that this was not all paid at one time. I was paying her—

Q. You cannot shirk the responsibility?—A. I am not trying to shirk anything at all.

Q. Answer the question: did you pay Miss Perdue the \$266.40 and also the \$672, yes or no?—A. Not in that shape.

Q. I don't care what shape you paid it in, did you pay her the money?—A. Let me see when these accounts were put in.

Q. Answer that question?

Hon. Mr. BRODEUR.—He has a perfect right to see the documents.

The WITNESS.—Let me see the documents.

*By Mr. McLean (P.E.I.):*

Q. Here is a document, look at that account?—A. No, I want to see that voucher, that is my voucher.

Hon. Mr. BRODEUR.—The witness has asked to see the document which my honourable friend has got in his hand. It is only fair that it should be handed to him if he wishes to see it.

Mr. McLEAN (P.E.I.).—He does not require to see this document to answer a simple question.

The WITNESS.—Let me be the judge of that.

*By Mr. McLean (P.E.I.):*

Q. I am the judge just now. You as a lawyer know that?—A. You are not answering the questions, I am.

Q. I want to put this question to you and you can answer it or not; did you pay Miss Perdue \$266.40 and also \$672 for her services in connection with the commission as charged in these bills?—A. Now let me see the voucher.

Q. No?—A. I will also say that I paid—

Q. Answer the question, yes or no?—A. Oh, no, you are not going to put me up against a question like that. I will say that I paid Miss Perdue more money than that, Mr. McLean, in dollars and cents.

Q. Have you paid her more money than the \$672 and the \$266.40?—A. Yes, I have paid her more money than that.

Q. For work in connection with this commission?—A. I won't say that.

Q. No?—A. I want to see your voucher there.

Q. Now I will show it to you?—A. Very well, I want to see it.

Q. But you have not answered the question?—A. I will try and answer it if I can for you.

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Q. It is a very simple question?—A. (after examining voucher) Now, I am quite prepared to explain that. Miss Perdue took this evidence and she extended it from her shorthand notes. Miss Perdue had been in my employ for years before she went on the work of the commission at all. I paid her \$3 a day when she was out on the commission and I found out down here that the allowance for government evidence was 10 cents a folio. That is what I was told. Now Miss Perdue, Miss Simpson and other stenographers extended their shorthand notes. Miss Perdue was not concerned in this alone. Some of that \$266.40 and \$672 would be paid to other stenographers besides Miss Perdue. But I did not pay it in that way. I just reckoned up the number of folios that there was in the evidence which they extended and put in the stereotyped charge of 10 cents a folio. But as a matter of fact I found out that I have only charged 5 cents a folio because there are actually double the number of folios that are charged for there.

*By Mr. Lennox:*

Q. Did you put in Miss Perdue's bill at the rate of 10 cents a folio?—A. Did I put in her bill?

Q. Yes, did you put in her bill at the rate of 10 cents a folio?—A. I don't suppose I did.

*By Mr. Macdonald (Pictou):*

Q. You actually have only got 5 cents a folio?—A. That is all, not 10.

*By Mr. McLean (P.E.I.):*

Q. Now, Mr. Birnie, I think you are astray. In Miss Perdue's bill of December 4th there are 2,664 folios charged for at 10 cents per folio, which would amount to \$266.40?—A. Yes, but there is twice that amount of evidence there that is not charged for at all.

Q. Yes, but in the other bill there is the rest of it?—A. No, it is not the rest of it.

Q. In the other bill there are charged 6,720 folios?—A. Yes.

Q. At 10 cents?—A. That is different evidence altogether.

Q. Different evidence?—A. Yes. The evidence charged for in the bill amounting to \$266.40 related to game fish. The other was evidence regarding the Georgian bay fisheries.

Q. And they were paid 10 cents a folio?—A. They all got 10 cents a folio.

Q. Did you pay Miss Perdue the \$266?—A. In the same manner as I did the others.

Q. Then you did pay her the \$266?—A. No, I won't swear that I did. I put in a stereotyped charge. If it is not right, the Auditor General would check it.

*By Mr. Reid (Grenville):*

Q. Do you mean to say there were twice as many folios as you have charged?—A. Yes, because I was under the impression that there were four copies supplied, but there were eight copies, as a matter of fact.

Q. How did that mistake come to be made?—A. I do not know.

Q. You are positive there were twice as many as you charged?—A. I am quite positive as to that, there were twice as many as we charged for.

Q. Who were the other stenographers?—A. Their names do not appear in the account.

Q. Who were they?—A. Miss Simpson, Miss Adamson—

Q. And they all worked in your office, did they?—A. At different times, no two of them worked at the same time. Miss Perdue and Miss Simpson worked in the office at the same time, but Miss Jeffery never worked in my office, she is a Midland young lady.

*By Mr. McCarthy (Simcoe):*

Q. Mr. Reid means was she an employee of yours?—A. No, she was not.

Q. She was employed specially for this work?—A. Yes.

*By Mr. McLean (P.E.I.):*

Q. So you paid to these stenographers \$1,379.40 apparently?—A. I have not added it up.

Q. Was Mr. Noble with you on every occasion when you were meeting?

Mr. McCARTHY (Simcoe).—Here again we are met with the same proposition, this has never been before the Auditor General.

Mr. McLEAN (Queens, P.E.I.).—Mr. Birnie swore to the employment of these stenographers. A. Oh, let us investigate the whole thing now.

*By Mr. Reid (Grenville):*

Q. With reference to Miss Jeffery, you say she was employed specially on this work?—A. Yes, she was never in my office.

Q. And the amount down here as being paid her?—A. Is correct.

Q. You paid her the exact amount shown here in this account?—A. Yes.

Q. She got that amount?—A. Yes, she got that in cash.

Q. You might say how much that is. Here (indicating file) is Miss Jeffery's account for \$246—was an account rendered for that, Miss P. Jeffery?—A. Yes, that is it.

Q. And that amount was paid direct by you to Miss Jeffery?—A. To her, yes.

Q. You made nothing out of that?—A. Nothing at all, no.

*By Mr. McLean (Queens, P.E.I.):*

Q. Did you pay her the full amount of that bill?—A. Yes.

Q. I thought you stated a few moments ago that you did not?—A. I thought you were referring to Miss Perdue's account then.

Q. I showed you Miss Jeffery's account?—A. Then it was my mistake if I did say so, but I do not know that I did say so.

Q. Was Mr. Noble with you on every occasion on which the commission met?—A. Yes, I think he was; practically, yes. He may have been off a day, but I think so practically—no, he was not; there was one time he was not with us, he was sick with rheumatism.

Q. Just one day, was it?—A. No, several days; quite a long time; I could not tell you the exact time.

*By Mr. Lennox:*

Q. Did you attend all the meetings Mr. Noble attended?—A. Yes, sir.

Q. Every one of them—are you sure of that?—A. Well now, wait until I think—yes, I think probably I attended every session of the commission except probably two days here in Ottawa when Mr. Noble got down ahead of me.

Q. Did you attend the meeting of the commission at Port Stanley, for instance?—A. At Port Stanley?

Q. Yes?—A. At Port Stanley? Well now, that was in Lake Erie, that is not in the Georgian Bay as you no doubt know, investigating Lake Erie matters—there was one day I think, just one day that I missed somewhere, I do not know whether it was Port Stanley or not, where I was ill at the hotel.

Q. I am told there was two or three days?—A. Just one day, that is all I missed.

Q. You attended every meeting that was held by any of the commissioners with the exception of one day?—A. I think so, that is as far as I can recollect.

Q. Mr. McCarthy says there were two days at Ottawa you did not attend?—A. That is right.

Q. That will make three days you did not attend?—A. Three days that I was not here at the same time as the others were.



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*By Mr. McLean (P.E.I.):*

Q. You charged in the account on October 18, 1905, 'pay of six months' hire of typewriter machine, \$40'?—A. Yes.

*By Mr. Bennett:*

Q. Mr. Birnie?—A. Yes.

Q. The receipts show you paid for rigs from Midland to Penetang, and from Penetang to Midland, that is correct?—A. Yes, I did.

Q. Did Mr. Noble ride with you each way?—A. I think he did one way, and we came back separately. I think we went from Penetang to Midland together and came back from Midland to Penetang separately, I think so.

Q. Was it on the same day?—A. Yes, on the same day. You see we had three trunks, Mr. Bennett, that we were carrying, and we perhaps may have had separate rigs for those trunks. We could not take them in the carriage with us, I think that is why the double charge appears.

Q. But he certainly rode over with you in the rig?—A. I think so, going to Midland.

Q. But coming back you cannot say whether you rode together?—A. No, I think we were separate.

Q. Were you alone in the double rig coming back?—A. No, I think Miss Jeffery was with me, she was coming with us up in the boat as stenographer.

*By Mr. McLean (P.E.I.):*

Q. Who did you hire the typewriter from?—A. From the Fleming Business College, Owen Sound.

*By Mr. Reid (Grenville):*

Q. I suppose the whole history of the typewriter business is that you charged the government the same price as Miss Jeffery was paid, and you paid your employees the regular wages you paid them?—A. Exactly.

Q. And you made a profit of the difference between the regular wages you paid them and what the government paid you, that is about the way of it, isn't it?—A. No, it is not. I paid them more than that, they were doing extra work and I paid them more than that.

Q. You paid them more?—A. I am certain I did, but how much I do not know.

Q. But you made a little profit out of it?—A. I do not know whether I did or not, I was not looking for it, but even if so it was perfectly legitimate.

Q. That is probably the way of it?—A. I cannot tell how much profit, if there was any profit, but I paid them more than their stereotyped wages, there is no doubt about that.

*By Mr. Macdonald:*

Q. And you only charged 5 cents a folio for the evidence?—A. Yes.

*By Mr. Sproule:*

Q. You paid Miss Perdue \$3 a day when not in the office, did you keep account, can you tell how many days she was inside the office and how many days outside?—A. No.

Q. Does the account show that?—A. Yes, but I haven't it in my head.

Q. Did you keep an account?—A. Yes, of every day she was out of the office on the commission, that can be strictly got at.

Q. Then am I correct in understanding that you paid Miss Perdue the amount of money for services rendered in connection with this commission as set out in the account?—A. Well, as I explained it to Mr. McLean.

Q. I thought that was another account?—A. No, that is the same thing—it is Miss Perdue you are referring to, I explained that to Mr. McLean and Dr. Reid.

Q. How did you pay it?—A. How did I pay it?

Q. Yes?—A. I paid it in money, of course, in cash.

Q. I am merely asking you did you pay her this amount of money set out in the account for services rendered the commission?—A. No, I do not suppose she got exactly cash to the full amount of the money as set forth in the account. As Mr. Reid put it very fairly, she got her wages plus a gratuity for doing this work, and I charged the government at the rate of 5 cents a folio for the work. If there was any profit in the transaction, I do not know whether there was any at all, it went into my pocket.

Q. I am not asking how much you made, but for the satisfaction of knowing whether she was paid the amount of money charged to the country, that is all?—A. Yes, certainly.

*By Mr. Lennox:*

Q. She was paid wages and a gratuity?—A. Yes.

Q. You do not mention any amount, either wages or gratuity?—A. No, that is right.

*By Mr. McLean (P.E.I.):*

Q. Has she made any complaint?—A. Oh, dear, no; she is well satisfied.

*By Mr. Bennett:*

Q. In the account of March 25, 1906, there is an item, 'Hack-hire at Ottawa, \$8.' That has been paid to you?—A. It has not been paid to me, pardon me.

Q. I thought it was the account as furnished by the department?—A. Oh, no; there is a lot knocked off that.

Q. Where is the account?—A. That has been knocked off. It has not been paid to me at all.

Q. Why did you charge the department that \$8 for hack-hire at Ottawa?—A. Well, it was not allowed, Mr. Bennett; therefore, we need not discuss it.

Q. Why was it charged is the question I asked?—A. Do you never charge for anything you don't get paid for?

Q. No, sir, I do not?—A. You don't?

Q. On March 22 there is a charge for hack-hire at Toronto for \$10?—A. That was not allowed either. These charges are all stricken out, Mr. Bennett. I could not produce vouchers for these things. That is why I was given an allowance for living expenses of \$5 a day.

Q. I see that at Collingwood on March 17 there is a charge of \$1, what is that for?—A. That is for getting to the boat or the train from my house.

Q. Is it your usual practice to pay \$1 for a hack to drive from your house?—A. Yes, if the hackman takes myself and a trunk, the two of us.

*By Mr. Reid (Grenville):*

Q. When you were appointed commissioner, did you think that you were entitled to make anything extra, such as in the way of employing these stenographers?—A. No.

Q. You considered that you were not?—A. No.

Q. Do you not think then that if you did not pay Miss Perdue the amount in question, you should not have taken it for yourself when you were paid for your own services?—A. I think I should. You see, even if Miss Perdue had put in the account herself, supposing she had done the work without any regard to me and had put in the account in this form, she would still have had to pay me for the use of the machine, rent, light, fuel and everything of that kind. She would have to pay for those things, you see.

Q. Then they did not have their own machine?—A. No, there was one we rented, but we only kept that for the first year, when it went back to the college. It is my machine they use.

Q. You consider it a reason why you took part of that money that it was for the rent of the machine?—A. Exactly, that is what it practically amounted to.

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Q. What about Miss Jeffery?—A. Miss Jeffery was actually paid as charged here.

Q. What office did she work in?—A. At her father's house. I presume Mr. Bennett could tell you better about that; I don't know.

Q. She is a Midland lady?—A. Yes.

*By Mr. Bennett:*

Q. It is the first time I knew she was a stenographer, although I live alongside of her?—A. She is a very good one, too.

Q. It is the first time I knew it?—A. You see you have missed your opportunities.

*By Hon. Mr. Brodeur:*

Q. Will you put in as evidence the affidavit which was given by you in January, 1907?—A. Yes.

Dominion of Canada, Province of Ontario, County of Simcoe. To wit:	}	IN THE MATTER OF an account rendered by John Birnie, Esquire, K.C., a member of the Fisheries Commission, against the Dominion of Canada.
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I, John Birnie, of the town of Collingwood, in the county of Simcoe, King's Counsel,

## DO SOLEMNLY DECLARE THAT

1. That with reference to the item of \$220 for 44 days' living at hotels from September 1st to October 21st at \$5 per day contained in the annexed bill, I say that at the time this item was incurred I was under the impression that the commissioners would be allowed a certain set sum per diem for living expenses, and that I consequently kept no vouchers for sums paid out as living expenses during that period, but the amount charged in the said bill, namely, \$5, is a just and reasonable amount and was actually paid out for living expenses, and it would be and is impossible for me to live away from home at less than \$5 per day living expenses.

2. That in some cases, owing to the hurry of departure or to inadvertence, no vouchers were taken for some of the hotel bills incurred by the stenographer and myself. But the amounts charged in the bill were actually and bona fide paid, although no vouchers appear for the same.

3. That for certain payments, notably to employees at the hotels at which the commissioners stopped and for hack-hire and other small matters appearing in the said bill, it was impracticable to take vouchers, but the sums charged in the said bill were actually paid, and a considerable number of other payments were made which are not charged in the bill at all, but which could reasonably be taken as living expenses.

4. That with reference to the item for 12 days' board at Killarney, Squaw Island and Meaford Islands, investigating the Squaw Island fisheries, from August 11th to 22nd, both inclusive, of \$24 each for myself and the stenographer, no vouchers are produced for \$32 on the Killarney Hotel, but the balance of \$16 was incurred for living on the launch while going to Squaw Island and Beaford Island and while at these islands, and was actually paid.

5. That as to the charge of the \$25 for a leather trunk purchased for the use of the commission, I found it was absolutely necessary to purchase the same owing to the large accumulation of papers and documents which the commissioners were obliged to carry from place to place, and it was impossible to do without a proper receptacle for the safe carriage and custody of such papers.

6. That all the disbursements contained in the said bill were necessary and reasonable and were actually paid.



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AND I MAKE this solemn declaration, believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act of 1893.

DECLARED before me at the town of }  
Collingwood, in the county of Simcoe, }  
this day of January, A.D. 1907. }

(Signed) JOHN BIRNIE.

(Sgd.) JAMES HAVERSON,  
*A Notary Public.*

Witness discharged.

The committee adjourned.

# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A

# PAYMENT OF \$210,253.66 TO A. F. BOWMAN

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1909





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.



OTTAWA, January 22, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the chairman, Mr. Clarke, presiding, and proceeded to the consideration of a payment of \$210,253.66 to A. F. Bowman in connection with dredging in the years 1905 and 1906 at Port Arthur and Fort William as detailed on page V—26 and also on page V—27 of the Auditor-General's Report for the year ending June 30, 1906.

Mr. A. F. BOWMAN, called, and sworn and examined.

*By Mr. Bennett:*

Q. Where do you live Mr. Bowman?—A. Southampton.

Q. About what time, or what year, did you first engage in the business of contracting with dredges?—A. About what time did I start?

Q. Yes?—A. Oh it must be nine or ten years ago.

Q. Were you a member of the firm of Bowman and Bowman, contractors for dredging?—A. Well, there is no such firm that I know of.

Q. Was there ever?—A. Not that I know of.

Q. Were you ever a member of the firm of Bowman & Co., contractors for dredging?—A. Yes.

Q. Who composed that firm?—A. Oh there was Mr. Porter, Mr. McLaren, my brother, and myself.

Q. Where did Mr. Porter live and what was his christian name?—A. David.

Q. And Mr. McLaren?—A. Peter S.

Q. Where did he live?—A. Peter S.? He lived at Tiverton.

*By Mr. Pardee:*

Q. Where did Porter live?—A. Wiarton.

*By Mr. Bennett:*

Q. On page V—26 of the Report of the Auditor-General of the Dominion there appear a number of payments aggregating in all \$200,000. You performed a lot of work, in respect of these charges, at Port Arthur and the Mission river in that year?—A. I did.

Q. Do you remember when the tenders were called?—A. I have some recollection of it, yes.

Q. I hold in my hand a newspaper clipping attached to the tender of a man named Hickler. It is apparently an extract from the *Globe* newspaper, an advertisement calling for tenders?—A. Yes.

Q. And it says that the tenders for dredging at Port Arthur will close on the 14th April, 1905?—A. Yes.

Q. Have you a recollection that that was about the time tenders were to close in that year, 14th April?—A. I have no particular recollection, but I think that is about right.

Q. As a matter of fact, I will tell you, the time was extended for the tender. Have you a recollection of it?—A. In that year?

Q. Yes?—A. Why I don't remember that it was in that year.

Q. Is that your tender (submitting document)?—A. (After examining document) Yes.



7-8 EDWARD VII., A. 1908

## EXHIBIT No. 1.

SOUTHAMPTON, May 1, 1905.

Mr. FRED GELINAS,  
Secretary Department of Public Works,  
Ottawa.

SIR,—I hereby tender to perform the dredging in the Harbour of Port Arthur on the conditions named in the advertisements for said work, dated April 7, and as follows :—

1. For dredging clay, 14 cents per cubic yard.
2. For dredging boulders and clay, 22 cents per cubic yard.
3. For dredging quicksand, 29 cents per cubic yard.
4. For dredging hardpan, 50 cents per cubic yard.

Yours truly,

A.F. BOWMAN.

Q. Now do you notice the date of that, May 1st?—A. No, I did not notice the date.

Q. Well look at the date here?—A. Yes, that is all right.

Q. So apparently the time was extended for the tender?—A. It would indicate that, yes. From memory I have no recollection of it.

Q. Then there were tenders called also I see—looking at this same clipping from the *Globe* newspaper—covering certain work to be done in the Kaministiquia?—A. Yes.

Q. And from the documents, you tendered for that work also?—A. Do you mean whether I tendered at the same time?

Q. Yes?—A. Yes.

Q. And in that apparently the closing of tenders was extended to the same time. Is that your tender for that work (submitting document)?—A. (After examining document.) That is right.

## EXHIBIT No. 2.

OFFICE OF THE MINISTER OF PUBLIC WORKS OF CANADA,  
OTTAWA, May 4, 1905.

## MEMORANDUM FOR THE DEPUTY MINISTER.

Kindly have report to council prepared as soon as possible for acceptance of offer of the lowest tenderer for dredging at Port Arthur and in the Kaministiquia river, the order in council to give the tenders received for this work in full.

C. S. HYMAN.

DEPARTMENT OF PUBLIC WORKS OF CANADA,  
CHIEF ENGINEER'S OFFICE,  
OTTAWA, May 4, 1905.

Hon. C. S. HYMAN,  
Minister of Public Works,  
Ottawa, Ont.

SIR.—With reference to the enclosed tenders and schedules of tenders for dredging in the harbour of Port Arthur and in the Kaministiquia river, I beg to state that as in both cases the bulk of the material to be dredged is clay, the tenders of Mr. A. F. Bowman for 14 cents per cubic yard, for the work at Port Arthur, and of 12

## APPENDIX No. 1

cents and 14 cents per cubic yard for dredging in the Kaministiquia river, make their tenders the lowest, I would beg to recommend that they be accepted.

I have the honour to be, sir,

Your obedient servant,

EUGENE D. LAFLEUR,  
*Chief Engineer.*

M. GÉLINAS:

Je vous inclus 3 cédules de soumissions:—Nanaimo, Port Arthur et Kaministiquia, M. Hunter est venu pour vous voir, mais vous étiez parti.

Il m'a laissé la commission de vous dire d'envoyer les soumissions de Port Arthur et Kaministiquia à M. Lafleur pour lui permettre de faire rapport.

N. D.

3 mai 1905.

SOUTHAMPTON, May 1, 1905.

Mr. FRED. GÉLINAS,  
Secretary, Department of Public Works,  
Ottawa.

SIR,—I hereby tender to perform the dredging in the Kaministiquia river and the channel in Thunder bay leading to the mouth of the river on the conditions named in the advertisements for said work, dated April 7, and as follows:—

1. From channel in Thunder bay and up McKellar's creek, 12 cents.
2. From McKellar's creek to the power house, 14 cents per cubic yard.

Yours truly,

A. F. BOWMAN.

Q. That is the Kaministiquia river work?—A. Yes.

Q. And that is dated, I may tell you, May 1. Now you have two tenders in, one for the Port Arthur work and one for the other work?—A. Yes, sir.

Q. Now coming to what I will call the Kaministiquia work—dredging in the Kaministiquia river and dredging the channel in Thunder bay and up to McKellar's creek, 12 cents per cubic yard; from McKellar's creek to the power house, 14 cents per cubic yard. That is correct is it?—A. That is correct.

Q. That is your tender?—A. That is my tender.

Q. And that is your signature?—A. That is my signature.

*By Hon. Mr. Pugsley:*

Q. Twelve and 14 cents per cubic yard for the Port Arthur dredging?—A. The 12 cents and 14 cents were both for the Kaministiquia river.

*By Mr. Bennett:*

Q. Now this is the Port Arthur tender?—A. The same one I was looking at?

Q. Yes. The Port Arthur tender is dated May the 1st, and is as follows: 'Clay 14 cents per cubic yard; boulders and clay, 22 cents per cubic yard; quicksand, 29 cents per cubic yard; hardpan, 50 cents per cubic yard.' That is your tender?—A. That is correct.

Q. During the course of the work I suppose you were frequently at Port Arthur?—A. Oh, yes.

Q. And you are well acquainted there?—A. Fairly so.

Q. Do you know a gentleman at Port Arthur named Mr. James Morphy?—A. At Port Arthur, no.

Q. Or Fort William?—A. Fort William, yes.

Q. Do you know Mr. Louis Walsh?—A. I do.

Q. Do you know John King?—A. I do.

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Mr. BENNETT.—I will put in a tender for these gentlemen. (Document produced and marked Exhibit No. 3).

## EXHIBIT No. 3.

Ottawa, April 29, 1905.

FRED. GELINAS, Esq.,  
Secretary Department of Public Works,  
Ottawa.

*Re TENDER FOR DREDGING IN THE KAMINISTIGUIA RIVER.*

..

DEAR SIR.—We beg to tender for the following work on the Kaministiquia river and the channel in Thunder bay leading to the mouth of the river.

For dredging the channel in Thunder bay and up to McKellar's creek, price 12 (twelve) cents per cubic yard; for dredging from McKellar's creek to the power-house, price 15 (fifteen) cents per cubic yard.

We agree to do the work according to the terms of the advertisement in the *Ottawa Free Press* of April 7, 1905.

Trusting to receive at your hands a favourable reply,

We have the honour to remain, sir,

Your obedient servants,

(Sgd.) JAMES MORPHY,  
LOUIS WALSH,  
JOHN KING.

FORT WILLIAM, Ont.

Q. Now, taking up what is called the Kaministiquia contract, it is divided into two sections, the work, under the advertisement, first from the harbour to McKellar's creek, and then the second section is from McKellar's creek to the power house?—A. From the harbour up, is it?

Q. Yes, from Thunder bay to McKellar's creek, and then the second section is from McKellar's creek to the power house?—A. Yes.

Q. Which of these two involved the greatest amount of work?—A. The upper work, up to the power house.

Q. Let me understand, do you mean number one or number two section? There would be more work in the section from the mouth of the Kaministiquia to McKellar's or in the section from McKellar's to the power house?—A. From the mouth of the Kaministiquia to McKellar's creek.

Q. That would be the biggest work?—A. Oh, no.

Q. You think the other section would be the biggest?—A. You mean the biggest quantity? I do not know that; it will rest with the engineer; I cannot tell.

Q. I do not know the locality, and I am asking you of the distances. In your opinion was the section from the mouth of the Kaministiquia to McKellar's creek a greater distance than it was from McKellar's creek to the power house?—A. From where? From the mouth of the river?

Q. From where the contract started?—A. Oh, the distance. The power house is a far greater distance from the mouth than it is from the mouth to McKellar's.

*By Mr. Boyce:*

Q. What is the relative distance between the points Mr. Bennett has named? Is the distance from the mouth of the river to McKellar's creek greater than it is from McKellar's creek to the power house?—A. Oh, you mean to compare the two distances?

Q. Yes?—A. Oh, well, I do not know that I would know that exactly. I think it is probably the longest distance from McKellar's creek to the power house.

*By Mr. Bennett:*

Q. You think that from McKellar's creek to the power house is the longest section? Or is the section from the mouth of the river to McKellar's the longest?—



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A. From the mouth to McKellar's? I think it is the longest from McKellar's to the power house; that is longer than it is from the mouth to McKellar's creek.

Q. What difference is there in the distance, in your opinion?—A. I do not really know what it would be.

Q. Will you please read from the tender (Exhibit No. 3) of Messrs. James Morphy, Louis Walsh and John King?—A. Witness reads: 'For dredging the channel in Thunder bay and up to McKellar's creek, price 12 (twelve) cents per cubic yard; for dredging from McKellar's creek to the power house, price 15 (fifteen) cents per cubic yard.'

Q. So that Morphy, Walsh and King's tender was exactly the same as yours on the first section, but they were one cent higher on the second section, is that right?—A. Yes, that appears from the tender.

Q. Now I need not ask you—I suppose there was no collusion between you and Morphy, Walsh and King in putting in these tenders?—A. Not that I know of. There was none between me and them.

Q. Had you any conversation at any time with these gentlemen as to putting in this tender?—A. Not that I know of.

Q. 'Not that I know of,' you would have known if there had been?—A. I guess I would.

Q. Turn over that envelope there (Exhibit 3) and tell me what you find on the back of that in the shape of a seal, on the back of the envelope?—A. In the shape of a seal?

Q. On that envelope, what is on that seal?—A. What do you mean by 'seal'?

Q. There is a wax seal?—A. Oh, yes.

Q. I will tell you frankly I do not allege nor insinuate there was any collusion?—A. 'Chrysler & Bethune, Solicitors.'

Q. You have heard of them, they are a well-known firm of solicitors?—A. I never heard of them at all.

Q. And apparently this tender was sent in on behalf of Morphy, Walsh and King by Chrysler and Company, who are well known solicitors of Ottawa?—A. I do not know anything about that.

Q. And you add there was no collusion in putting in the tenders?—A. None whatever.

Q. Now, you admit then, that on the documents—we claim that on the documents—you were both exactly the same for the first section, that is at twelve cents per cubic yard?—A. That is on one section.

Q. Now, was that section put up for tender again?—A. No, separately.

Q. Now, taking that advertisement, please, issued by the department, is there anything in the advertisement that would tend to show that the tenders were included, that you could not get one without the other?—A. That is the way I understood it.

Q. That you had to take the two together?—A. Oh, yes, they were all one work.

Q. Can you find me anything in the tender that would show that at all?—A. Anything in the tender?

Q. In the advertisement I should say, not the tender?—A. Well, I do not know whether there is or is not. I know I never heard of anything like that before, the two sections were always the one work.

Q. Who led you to understand the two would be taken together?—A. Nobody in particular, only my own judgment, I suppose.

Q. And in your opinion if a man had been six cents a yard lower on the one section than you, he would not have got the contract, assuming that he was higher than you were on the other section?—A. I do not know anything about that.

Q. However, on the documents, you and the King Company, we will call it by that name, had the same figure on that section, twelve cents?—A. Yes, the tenders show that.

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Q. Was that to be put up for tender again?—A. I believe it was, the same as the other.

Q. I do not think that is right?—A. Isn't it, maybe I am wrong.

Q. I do not think they were put up for tender again?—A. Weren't they all put up for tender the second time?

Q. Mark me, this was the second time they were put up?—A. I do not mean to say they were put up a third time.

Q. When the tenders were first called for on the 14th of April, I do not think you had a tender in, on that occasion at all; I do not think you had a tender at all the first time, but when the time was afterwards extended until the 1st of May you put your tender in which was quite regular?—A. Oh, yes.

Q. Notice, I am reading a memo. which is attached to your tender, and which reads as follows, it is addressed to the Minister, Hon. C. S. Hyman.

'With reference to the inclosed tenders and schedules of tenders for dredging in the harbour of Port Arthur and in the Kaministiquia river, I beg to state that as in both cases, the bulk of the material to be dredged is clay, the tenders of Mr. A. F. Bowman for fourteen cents per cubic yard for the work at Port Arthur, and of twelve cents and fourteen cents per cubic yard for dredging in the Kaministiquia river make their tenders the lowest. I would beg to recommend that they be accepted.'

That is signed by Eugène D. Lafeur, Chief Engineer, and is dated May 4, 1905. Then there follows this memo. of the same date, 'Memo. for the Deputy Minister,' as follows:—

'Kindly have Report to Council prepared as soon as possible for acceptance of offer of the lowest tenderer for dredging at Port Arthur and in the Kaministiquia river, the Order in Council to give the tenders received for this work in full.'

This is signed by the Hon. C. S. Hyman. And so no new tenders were called for this work, although you and the King Company had tendered at the same figure?—A. We did not tender at the same figure, that I know of.

Q. Well, for number one section. As a matter of fact, was there any collusion between yourself and any other tenderers on this work at that time?—A. Not that I know of, no.

Q. You never discussed the question with any person else as to what figures they should put in?—A. Nobody outside our own company.

When you speak of your own company, what do you refer to?—A. The Great Lakes Dredging Company, which is the company I am interested in.

Q. What is the name of the company, to start with?—A. Great Lakes Dredging Company.

Q. Do you hold any office in it?—A. I am director.

Q. Who is the president of the company?—A. Mr. C. M. Bowman.

Q. He is your brother?—A. Yes.

Q. And member of the local legislature?—A. Yes.

Q. He is? Who else is concerned in the company, who are the other directors?—A. Well, there is Mr. Whalen.

Q. Mr. Whalen?—A. James Whalen and George Whalen.

Q. James and George Whalen? Are they brothers?—A. Yes.

Q. Do you know of any relationship between Mr. James Whalen and Mr. James Conmee, member for Rainy River?—A. Relationship?

Q. Yes?—A. I believe so, yes.

Q. What is the relationship?—A. Mr. Whalen is his son-in-law.

Q. When was this company formed?—A. Oh, it must be about six years ago, I guess.

Q. Six years ago. When that company was formed were you the owner of a dredge called the *Arthur*, personally?—A. No.

Q. Did your company buy a dredge known as the *Arthur*?—A. No. Well, of course they did afterwards, they bought one.

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Q. Did they not buy her from you?—A. No.

Q. Who did they buy her from?—A. The company do you mean or me?

Q. Your company?—A. The company bought her from Connée and Bowman.

Q. Connée and Bowman? Who composes that firm?—A. James Connée and C. M. Bowman. I don't know that I am just quite right in that.

Q. I think you are right because they were paid for work done by her?—A. I thought perhaps it might have been just Mr. Connée that bought it.

Q. Now prior to this year, 1905, had you been doing work at Port Arthur?—A. Yes.

Q. In your name or in the name of the company?—A. I think it was in my own name, myself.

Q. Was that under contract or not?—A. Under contract, of course.

Q. Mr. Bowman, don't be too sure about that because as a matter of fact you had worked there for several seasons had you not?—A. Well, no.

Q. What I mean by tender, is by competition?—A. That may be; I don't remember exactly about that.

Q. Was not 1905 the first year in which tenders were called?—A. I am not sure about that, it may have been.

Q. As a matter of fact I may tell you I find it was?—A. It might have been, I don't remember that.

Q. In 1905 you expected some pretty keen competition?—A. I don't know that we did; no more so than any other time.

Q. Well refresh your memory please as to whether there have ever been open tenders called for the work, I mean public competition? I may say that there was a debate in the House in 1905 in which the Minister said that is the first year?—A. That would no doubt be correct.

Q. And so you expected there was going to be keen competition when tenders were called??

Hon. Mr. PUGSLEY.—He did not say that.

Q. I ask you did you expect keen competition?—A. I naturally expected to have some competition.

Q. And it was going to be different from the old way, the former system—we will call it that? That is what you expected?—A. I don't know as I did.

Q. You know that public advertisement had asked for tenders by competition did you not?—A. Yes, certainly.

Q. And you sat down at home at Southampton and you sent this document from Southampton to the department?—A. No, not necessarily.

Q. You sent it in? Did you mail it from Port Arthur or Southampton?—A. No, I think I was down here at the time.

Q. You think you came to Ottawa, and it was war to the knife between you and the other contractors to get the lowest tenders?—A. I don't know anything about that. I did not know anything of any scrapping or war at all.

Q. You expected there would be keen competition? Tenders had been called for?—A. Not any more so than at any other time that I know of.

Q. Can you tell me where you got this form upon which you tendered? I am dealing now with the Port Arthur work, Exhibit No. 1. Where was this typewritten document written? Can you recollect?—A. Well no, but I think it would be here in Ottawa.

Q. I would have no doubt about that?—A. I think that is where I made it up.

Q. Whereabouts? In the office of the Minister?—A. Oh, no.

Q. Where do you think it was?—A. I think it was—

Q. What?—A. I think it was in some lawyer's office here.

Q. In some lawyer's office? Do you know the name of the lawyer?—A. No, I do not know that; I do not recollect.

Q. Look at that document please (submitting document) do you recognize the



handwriting on that, the written part?—A. I recognize that as Mr. Whalen's handwriting.

Q. Did you see that tender before it was put in?—A. I don't know.

Q. Will you swear you did not?—A. Why no I will not.

Q. Did you show Mr. Whalen the tender you put in?—A. I don't know.

Q. Will you say you did not?—A. No, I won't.

Q. Did you and Mr. Whalen sit down together and put in these two tenders?—

A. Well, I think we did, yes, but I don't know anything about showing it to him.

Q. So you knew the tender that was being put in by the Great Lakes Dredging Company and they knew the tender you were putting in?—A. I think they did.

Q. What was the object of disclosing to each other, of saying to each other what your tenders were? Was it a *bona fide* tender?—A. Why, yes, we were both interested in it, in trying to get the contract.

Q. Can you recollect at all whether these two typewritten documents were got by you when in the lawyer's office?—A. I don't remember where they were got.

Q. But the two were laid before you? Who else was present of the concern, besides yourself and Mr. Whalen, interested in the matter?—A. My brother.

Q. Your brother?—A. Yes.

Q. No person else?—A. No.

Q. Was Mr. James Conmee there?—A. Oh, no.

Q. Was he in the city at that time, do you know?—A. I don't know.

Q. And you are positive that these two forms, signed as they stand here to-day, were disclosed before yourself and Whalen and your brother?—A. Oh, well, I think we knew all about it. We knew all about the prices we were putting in, yes.

Q. Where did you get the envelope for these?—A. Oh, I don't remember that.

Q. They are both the same?—A. Are they? I don't remember where we got them.

Q. Taking your tender, what did you do with it? Did you deliver it personally to the department?—A. No, I don't remember just about that. I think that I mailed it by registered mail.

Q. I may tell you you did not mail it because it bears no mark of mailing?—A. I did not, eh? Well, then I am mistaken in it.

Q. The one of the Great Lakes Dredging Company bears no marks of mailing either, they were apparently both delivered. Now, did you deliver them?—A. Well, I delivered my own, I think.

Q. Will you pledge your oath to that, that you delivered it?—A. No, I would not swear positively, but I think I did.

Q. Then, as between yourself and the Great Lakes Dredging Company there was no *bona fide* competition at all?—A. Well, it was the same thing.

Q. Whoever got the tender, it was going to be a benefit to yourself and your associates?—A. Exactly.

Q. And, of course, when you went to the minister and the department you told them that the two tenderers were one and the same party, that there was no competition between you?—A. I don't think I told the minister anything.

Q. You did not?—A. Not that I know of.

Q. Was it understood by the company that day, that one of these tenders should go in and that you would stand or fall by one of the tenders?—A. Which one do you mean?

Q. Neither one. Was it understood between yourself, your brother and Mr. Whalen, that you would stand by one of the tenders and put it in?—A. I did not put it that way.

Q. At your meeting was it decided you should put in two tenders and not one tender?—A. It was first decided to put in a tender, and afterwards we decided to put in a second one.

Q. Had the first tender been put in when you decided to put in the second one?—A. I believe so.

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Q. Which was the first one you put in?—A. Which?

Q. Yes, which was the first tender you put in?—A. The Great Lakes Dredging Company.

Q. You put in the Great Lakes Dredging Company's tender first. Now, I notice in this Great Lakes Dredging Company's tender—but first, I will drop that for a time, you went back after putting in the Great Lakes Dredging Company's tender and got another form prepared for yourself. Where was the second form prepared?—A. I do not know. I think probably that when we got the first form prepared we got several of them.

Q. Then they were run-off together?—A. The chances are that they were.

Q. Well, the chances are all against that, because they are different?—A. Are they?

Q. Yes?—A. Well, then, I do not know.

Q. You will stand by this that the Great Lakes Dredging Company's tender was the first one put in?—A. That is my recollection of it and I think that is the way of it.

Q. You have no reason to change that?—A. No.

Q. Looking at that, I find that the name of Mr. Gelinis, the secretary of the Public Works, is spelt 'Gelenais,' that is on the first one that was sent in, you say. What time of the day was it you put in that first tender?—A. I do not know; it would be three or four o'clock; I am not sure about the time; it was in the afternoon.

Q. You waited the limit of time, waited until the afternoon to put it in—there is nothing wrong about that. Where was this second one that was put in, in which the name was spelt correctly, prepared? Wasn't that, as a matter of fact, prepared right in the minister's room?—A. Oh, no.

Q. Do you pledge your oath to that?—A. Certainly it was not.

Q. Where was it prepared?—A. Either in some lawyer's office or in the Russel House.

Q. Who dictated it?—A. I do not know that.

Q. Who dictated the first one?—A. I do not know that either.

Q. Were you there?—A. I suppose I was, I must have been, somebody went out and got these things struck off and the whole thing prepared.

Q. How do you spell Mr. Gelinis' name?—A. 'G-e-l-i-n-e-a-s.'

Q. So that you do not spell it the same as either of these? So you were in the background?—A. The chances are that I spelt the name correctly as I have written it often enough; I think I write it correctly.

Q. So that these tenders, as between yourself and the Great Lakes Dredging Company amount to nothing?—A. I beg pardon.

Q. I say there was no real *bona fide* competition between yourselves and the Great Lakes Dredging Company?—A. Well, no.

Q. It was all a play, putting in two tenders?—A. No, it was not a play at all.

Q. Give me an explanation, then?—A. The first tender went in and we afterwards came to the conclusion we would put in a second one.

Q. At what time did you put in the second one?—A. I do not know, it was after the first one, it would likely be five o'clock.

Q. What time in the day was it, was it in the evening?—A. Yes, it must have been close to the time limit for receiving tenders.

Q. Who else was in the city at that time, to your recollection?—A. Do you remember a man named Peltier being in here?—A. Yes.

Q. Was he down here to tender?—A. I think he was.

Q. What was his tender? Was it *bona fide* or was it buncombe too?—A. I do not know.

Q. Did you know the contents of his tender?—A. No, I did not.

Q. Did you have any discussion with him?—A. In regard to tendering?

Q. As to his tender?—A. Not that I know of.

Q. Did you see Peltier down here and were you talking to him at the time?—A. Well, yes, I must have seen him here.

Q. You knew he was tendering too?—A. I understood he was, yes.

Q. What did you know about his prices, anything?—A. Nothing in particular.

Q. You knew nothing in particular?—A. Yes, nothing.

Q. How much did you know?—A. I do not think I knew anything about his prices at all.

Q. Was Peltier the owner of a dredge?—A. I do not think so.

Q. I think you are right there too. You were not much afraid of any tender Peltier put in, were you?—A. Well,—

Q. Was Peltier at your meetings at all when you were discussing putting in the other tender?—A. No.

Q. Mr. Bowman, I want to ask you a question which has just struck me about something else. Did you ever own a dredge called the *Hackett*?—A. I was part owner.

Q. Who owned her with you?—A. Geoff Porter, Peter S. McLaren, C. S. Boone and myself.

Q. To whom did you sell that dredge?—A. Dr. Spohn, we sold our interest to Dr. Spohn.

Q. Well, you say 'your interest.' What was left then, do you mean the Bowman interest alone went to Dr. Spohn?—A. Yes, that is all.

Q. Who is Mr. Kastner? Was he one of the purchasers?—A. Not at that time.

Q. Of whom did he buy?—A. From Porter, I believe.

Q. You sold your interest to Dr. Spohn?—A. Yes.

Q. He was superintendent of an asylum at Penetanguishene?—A. Not at that time.

Q. But that is the man?—A. He is the man, he was afterwards superintendent.

Q. Has he sold her back to you?—A. No.

Q. Were you paid for her out and out?—A. In hard cash.

Q. For your interest?—A. Yes, we were paid for her.

Q. It was a genuine *bona fide* sale?—A. Oh, yes.

Q. Now, I see on this page V—26 of the Auditor-General's report, I will read from it, this item, 'Bowman, A. F.; dredging in Kaministiquia river—services dredge *Dominion*, November 8-27, 1905, April 26, May 19, 1906,' and it amounts to \$15,576.36. Now, that is a dredge called the *Dominion*. Who owns the *Dominion*?—A. The Great Lakes Dredging Company.

Q. And you are not the owner of the dredge at all?—A. I am part owner.

Q. But you are not the whole owner of her?—A. No.

Q. Now, I see at page V—27 of the Auditor-General's report: 'The Great Lakes Dredging Company, dredge *Dominion*—services performed, \$6,952.' Is that the same dredge?—A. The dredge *Dominion*, yes.

Q. Let me ask you another question. This dredge called the *Arthur* was the one that Conmee and your brother C. M. Bowman sold was it?—A. Yes.

Q. The dredge called the *Arthur* was the one that C. M. Bowman and James Conmee sold to the Great Lakes Dredging Company?—A. I am not quite sure whether it was C. M. Bowman and James Conmee. The dredge was originally purchased from Macdonald by James Conmee, so I think it was Conmee and Bowman.

Q. I see. The dredge was originally purchased from a man named Neil Macdonald by Mr. Conmee?—A. That is the man.

Q. And he in turn sold it?—A. I think it was Conmee and Bowman.

Q. That dredge is now known as No. 1 is it not?—A. Yes.

Q. And she is one of the fleet of the Great Lakes Dredging Company?—A. That is right.

Q. So that when we find the dredge *Dominion* figuring under the name of A. F. Bowman it is the same dredge that is figuring under the name of the Great Lakes Dredging Company in another part of the account?—A. The *Dominion* is the same wherever you find it; it is the same dredge.



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Q. There are no two dredges called the *Dominion*?—A. No, just one.

Q. In the next year you were the lucky contractor for certain work on the Mission river. Your tender, or rather that of the Great Lakes Dredging Company, was 9 cents a yard. In answering a question in the House it is stated that the price was 9 cents a yard?—A. Yes.

Q. And you, Mr. A. F. Bowman, had a tender for 18 cents a yard?—A. Yes.

Q. What is the object of that little foxy game?—A. I put in a tender.

Q. Explain why the Great Lakes Dredging Company put in a tender for 9 cents and you put in a tender for 18 cents?—A. I did not know of the Great Lakes Dredging Company's tender at that time.

Q. Did you not know when you were putting in your tender for 18 cents that the Great Lakes Dredging Company were putting in a tender at all?—A. I knew they were putting in a tender, but not what the figure was.

Q. You did not know what it was going to be?—A. No.

Q. And sitting up at Southampton you said to yourself 'I will put in one at 18 cents?—A. No, I was not sitting at Southampton.

Q. Where were you, in the Minister's room at Ottawa or in the Russel House?—A. No, I was not permitted to be in the Minister's room.

Q. You have been there often, you know?—A. Indeed, I have not.

Q. Perhaps you are not the business end of this concern?—A. Oh, well—

Q. You put in a tender for 18 cents in good faith that year?—A. I don't remember whether it was 18 cents. It turned out to be a great deal higher than what the Great Lakes Dredging Company put in.

Q. And you in good faith believed that you had a chance at 18 cents did you, and you were not prepared to do it for anything less?—A. I don't hardly think I expected to get it at 18 cents.

Q. You did not expect to get it?—A. Not with the competition that was going on.

Q. Did you have this idea, that if no tender intervened you would be able to withdraw the 9 cents tender and substitute the 18 cents tender?—A. No, I had no such idea.

Q. That idea never struck you?—A. No.

Q. It would strike 999 people in a 1,000 that that is what it was intended for? It never struck you that way?—A. I had no such idea at all.

Q. And at this time you were a director of the Great Lakes Dredging Company too?—A. I was.

Q. And the tender was for the same work at the same point?—A. Yes.

Q. And the material was the same?—A. Just the same, yes.

Q. And you never inquired what your company was putting in?—A. I did not know what price they put in.

Q. You never inquired, you told me a while ago?—A. I never inquired?

Q. Yes?—A. I did not inquire.

Q. You were satisfied anything the others did would suit you?—A. No, I was not, that was the trouble.

Q. You were in trouble?—A. Yes.

Q. You were vexed for fear they might make mistakes?—A. They were going to put in a price so much cheaper than I was willing to put in they simply cut me out.

Q. When did you discuss it with them?—A. It was discussed but not the price; I did not know that at all.

Q. Did you go down to Ottawa at that time to put in your tender?—A. Yes, I fancy.

Q. And the other members of the firm were here, Whalen and C. M. Bowman?—A. Yes.

Q. And you did not know finally that they put in a tender at 9 cents?—A. I did not know it, no; I did not know the price.

Q. What is the capital stock of the Great Lakes Dredging Company?—A. Let me see. I think it is \$200,000.

Q. \$200,000 or \$250,000?—A. Yes.

Q. And you own one-quarter of the stock?—A. Yes.

Q. And your brother Charles owns the other fourth?—A. Yes.

Q. And James Whalen owns the remaining half?—A. That is right.

Q. How old a man is Mr. Whalen?—A. Oh, I suppose about thirty-five or thirty-seven.

Q. How long has he been married to Mr. Conmee's daughter? Do you know?—A. Oh, I don't know.

Q. How long have you known Mr. Whalen?—A. I suppose ten or twelve years.

Q. So when Mr. Conmee declared in the House that he had never had anything to do with this Great Lakes Dredging Company it was not correct because he had sold them a dredge? Is that right?—A. What is that?

Q. If Mr. Conmee made a statement that he had never had any dealings, directly or indirectly, with this company, it is not correct because he had sold them a dredge?—A. I don't know. That may be correct too. I think at the time the sale was made that the Great Lakes Dredging Company was not really in existence, something of that kind.

Q. You are wrong on that because in the Public Accounts up to a certain date she is in the employ of Conmee and Bowman, and within the next two or three days afterwards she is in the employ of the Great Lakes Dredging Company. Of course, Mr. Conmee has no interest directly or indirectly in the Great Lakes Dredging Company?—A. No, not that I know of.

Q. Do you say no he has not?—A. I say he has not; he is not a partner at all.

Q. He is not a stockholder?—A. No.

Q. He has no interest whatever?—A. No.

Q. And so if the country is to get the benefit of *bona fide* competition and cheap prices it won't be by the bidding between A. F. Bowman and the Great Lakes Dredging Company?—A. I hope not.

Q. I should think you would not. Do you hold a mortgage on this *Hackett* dredge that was sold to Dr. Spohn?—A. No, I am not so fortunate as that.

Q. She was bought out in cash and cash?—A. Yes, got the money.

Q. Who owns her now?—A. Well, I think it is E. J. Kastner, Dr. Spohn and Peter S. McLaren.

Q. You have never heard that the Hon. A. G. McKay owns her now?—A. No, I do not think so.

Q. He is in another crowd?—A. Yes.

Q. He does not interfere with you at Port Arthur, does he?—A. He interferes with us too much.

Q. He has other preserves to work in and you don't interfere with him there?—(No answer.)

*By Mr. Boyce :*

Q. When on May 1, 1905, you tendered for the work at Port Arthur harbour, what dredges did you own?—A. Well, let me see. Do you mean that I owned absolutely myself or was interested in?

Q. Absolutely yourself, if you own them?—A. Yes. I owned one.

Q. What was it?—A. The dredge *Frank*.

Q. Where was the dredge *Frank* at that time?—A. Well, I am not sure about the port. It was somewhere on the Georgian Bay.

Q. She was not up at the head of the lakes?—A. No.

Q. And she was not used on the work?—A. No.

Q. So that was the only vessel in the shape of a dredge that you owned absolutely yourself at the time you put in any of these tenders?—A. Yes.

Q. What dredges were you interested in, at that time, directly or indirectly?—A. I was directly interested—do you want me to enumerate them?

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Q. If you will.—A. I was directly interested in *Number 1, Number 5, Number 6 and the Dominion*.

Q. You were interested in *Number 1, 5, 6 and the Dominion*. Were there any others?—A. I do not think so.

Q. So that you owned the *Frank* absolutely and you had an interest in *Number 1, Number 5, Number 6 and the Dominion*, in what way were you interested in this *Number 1, Number 5, Number 6 and the Dominion*?—A. Stock in the Great Lakes Dredging Company.

Q. Was there any other way in which you were interested, other than as a stockholder in the Great Lakes Dredging Company?—A. No, I do not think so, if I understand you aright.

Q. So that, only as a shareholder in an incorporated company did you have any interest, at any time, in any dredge except the *Frank*, which was down below?—A. I did not just get that.

Q. At that time you tendered for this work, unless as a shareholder in an incorporated company, did you have any interest in any dredge except the *Frank* which was down below?—A. The *Frank* is the only one I owned altogether.

Q. Then with what dredge and plant did you contemplate carrying out the work when you made those tenders to the Department of Public Works?—A. The Great Lakes Dredging Company dredges.

Q. So that if the Great Lakes Dredging Company didn't get the contract you proposed doing the work with their plant?—A. Exactly.

Q. And to turn in the profits of the work to the Great Lakes Dredging Company?—A. That is it.

Q. So that for the purposes of these tenders Mr. Bowman and the Great Lakes Dredging Company were one and the same person?—A. Practically so.

Q. Is not that absolutely so?—A. Sure, I have already said that.

Q. If you got the contract upon your own tender you would get the plant and the dredges from the Great Lakes Company?—A. Yes.

Q. And you would account to the Great Lakes Dredging Company for the profits of the work?—A. Yes.

Q. And the converse would be the case if the Great Lakes Dredging Company got the contract, you would share in the profits of that work?—A. Yes.

Q. So that while you put in two tenders, the two of you, the company and yourself, a director of the company, put in what appeared to be rival tenders on the face of them, at different prices, there were no rival tenders as a matter of fact?—A. No, they were not rival tenders.

Q. Did you ever communicate to the department this fact?—A. No, I do not think so.

Q. Did it ever occur to you that the department was entitled to know that you and the Great Lakes Dredging Company were one and the same person?—A. No, I do not think it did.

Q. That never occurred to you?—A. I do not think it did.

Q. That condition of things applied to the work in 1905 and 1906, at Port Arthur, Fort William and the Mission and Kaministiquia rivers, this condition of tendering?—A. It is all one, the Port Arthur and Fort William work.

Q. Now, take Port Arthur harbour, 1905, for a moment, please. The tenderers there were as follows: A. F. Bowman, W. Davis & Sons, the Fort William Dredging and Harbour Improvement Company, Limited, the Great Lakes Dredging Company, C. S. Boone, Roger Miller, John H. Hickler and Mr. M. J. Haney, you know that, I suppose?—A. I guess I did, I do not remember them all now.

Q. Mr. Peltier is connected with and represents the Fort William Dredging and Harbour Improvement Company, Limited?—A. I understand so, he did at that time.

Q. He was a candidate for election at the last Dominion election?—A. I do not remember that.



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Q. You do not? Then I won't bother you with that. You saw him down here, didn't you, at the time these tenders were put in?—A. Yes.

Q. You knew that he was tendering?—A. I understood he was, yes.

Q. Did you see his tender before it was put in?—A. Oh, no.

Q. Are you quite sure of that?—A. Positive.

Q. Then between yourself and his company there was no collusion and no knowledge of each others tender?—A. No.

Q. When you came down in 1905 at whose call did you come?—A. I do not know that I was called by anybody particularly.

Q. You came down for what purpose?—A. In order to see about tendering, to get the work, to put in a tender.

Q. You came down from where, to Ottawa?—A. I think Southampton.

Q. From where?—A. I think Southampton.

Q. You came from Southampton to Ottawa?—A. Yes.

Q. Where is the head office of the Great Lakes Dredging Company?—A. Port Arthur.

Q. Before you came down did you know that company was going to tender also—had you made an arrangement?—A. Yes, it was all understood that the Great Lakes Dredging Company was going to tender.

Q. That was a regular understanding all along the line that if you tendered the Great Lakes Dredging Company should also tender?—A. Oh, no.

Q. There was a special arrangement in every case whereby you two tendered for the same work?—A. No, there was never any special arrangement.

Q. You tell me there was not a general arrangement, therefore there would have to be a special arrangement in every case. Was it a general understanding that whenever a new work was tendered for by the Great Lakes Dredging Company, A. F. Bowman put in a tender and the converse?—A. Oh, no.

Q. There was no such general understanding as that?—A. Not that I know of.

Q. Then there had to be special arrangements in every case?—A. If there was any arrangement about it, there would have to be, certainly.

Q. If there was no general understanding there would have to be a special arrangement?—A. Certainly.

Q. What was the special arrangement prior to the 1st of May, 1905, between the Great Lakes Dredging Company and A. F. Bowman with regard to tendering for work in Port Arthur harbour?—A. What was the special arrangement?

Q. Yes.—A. You mean what arrangement caused the second tender to go in?

Q. Yes.—A. I see. The first tender, I think, went in and some parties tendering there told us what they had done.

Q. What parties?—A. Macdonald & Hickler.

Q. They told you what tender they had put in?—A. They did not tell us the price, but simply told us they had cut our prices 40 per cent. Jack Hickler told us that and that is what caused us to put in a tender in my name.

Q. What price did they put in?—A. I did not know, I didn't know what their tender really was.

Q. What were you previously being paid for the work when there was no tender?—A. For the Fort William work?

Q. Yes.—A. Fifteen cents.

Q. All along the line?—A. Yes, I think so.

Q. Fifteen cents for sand?—A. I am not sure, but I think it was fifteen cents on the first job I took there.

*By Mr. Pardee:*

Q. You are speaking from memory now?—A. Yes, I cannot memorize to be positive.

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*By Mr. Bennett:*

Q. Then you were proceeding to tell us about another thing, about the Hickler tender, necessitating another tender on your part?—A. Yes, that is what caused us to put in the second tender.

Q. That was what caused you to put in the second tender?—A. Yes.

Q. When you came down here prior to May 1, 1905, what officers of the Great Lakes Dredging Company did you meet?—A. What officers?

Q. What officers did you meet?—A. The president and manager.

Q. Who is the president?—A. My brother.

Q. That is Mr. C. M. Bowman?—A. Yes.

Q. Are these all the Great Lakes Dredging Company people you met?—A. Yes, Whelan and my brother.

Q. Where does C. M. Bowman live?—A. At Southampton.

Q. Did he not come down with you?—A. The chances are that he did.

Q. So that the Great Lakes Dredging Company and A. F. Bowman travel together? That is a fact, eh?—A. No, I don't think that is a fact at all.

Q. Why did you go to Ottawa to put in that tender?—A. In order to try and get—

Q. Why did you go to Ottawa to put in that tender.—A. I always do that.

Q. You always do that?—A. I always come to Ottawa.

Q. Every tenderer does that does he?—A. I don't know as they do.

Q. You have always made it a point?—A. I don't think I ever put in a tender without coming to Ottawa.

Q. You found that a most successful procedure, did you not?—A. I have that method of doing it.

Q. You found it most successful, did you not?—A. I came down to meet the other fellows.

Q. Why did the president go?—A. I suppose because he was interested.

Q. Now you put in your tender at Ottawa?—A. Yes.

Q. Did you bring blank forms of tender with you from Southampton, you and your brother?—A. I don't know about that; I don't remember.

Q. Have you no recollection about it?—A. I don't think we did.

Q. You don't think you did?—A. I don't think so, I am not sure though.

Q. Did you have the prices agreed upon before you left Southampton you and C.M. Bowman?—A. No, I don't think so.

Q. Did you make an agreement before you left Southampton as to what rival tenders you were going to submit to the minister in the form of competitive tenders?—A. Do you mean as between ourselves?

Q. Yes.—A. No, we had none.

Q. You had not made up your mind exactly in what form you would try to hoodwink the minister, had you?

The CHAIRMAN.—That is hardly a fair question.

Hon. Mr. FIELDING.—It is not a fair question to say 'hoodwink the minister.'

*By Mr. Boyce:*

Q. Then I won't put it in that way. Had you made up your mind in what way you would put in these different tenders before you came down?—A. No.

Q. Then how long were you here?—A. Oh, I don't know, I might have been here for—

Q. I beg your pardon?—A. I think perhaps I got here one morning and went away the next night.

Q. Did you go to the department before you put in the tender?—A. I think perhaps I went up to Gelinas' office, Gelinas' room maybe.

Q. You went to see Mr. Gelinas?

Mr. PARDEE.—He says he may have?—A. I may have.

Q. Who else did you meet and discuss these tenders with?—A. Do you mean people that were liable to put in tenders?

Q. Yes, any one else?—A. Oh, I don't know. I was talking with different dredging men around the hotel.

Q. Let me understand you. When you left Southampton, you and your brother, you both intended tendering, one in the name of the Great Lakes Dredging Company and the other for yourself?—A. No.

Q. You did not know whether you would tender or not?—A. We intended to tender in the name of the Great Lakes Dredging Company and in that name alone.

Q. Tell us what the object was in putting in another tender?

Mr. PARDEE.—He told you.

Q. Tell me again?—A. Heckler told us that he had cut our prices 40 per cent.

Q. And was that always the reason that you tendered whenever the Great Lakes Dredging Company tendered, or was the first reason you gave the correct one?—A. I have had other reasons.

Q. That was the paramount reason?—A. That was the reason at that time.

Q. Then upon what basis, when you got to Ottawa, did you make up these prices for the Port Arthur work in 1905?—A. On what basis? We consulted and arrived at the price we were willing to put in a tender at and put it in.

Q. With whom did you consult?—A. The members of the Great Lakes Dredging Company, my brother and Mr. Whalen.

Q. Then Mr. Whalen was also here?—A. Yes.

Q. Did you consult with Mr. Conmee?—A. No, I did not see him.

Q. Did you see Mr. Conmee?—A. No, I don't think so.

Q. Are you quite sure of that?—A. I am quite sure I did not see him in connection with any tender.

Q. Not in connection with any tender, but you saw him?—A. I don't know whether I did. No I don't think I saw him.

Q. You saw Mr. Whalen?—A. Yes.

Q. Did he come down especially?—A. Yes, I believe so.

Q. What for? In connection with the tender?—A. Yes.

Q. I think you said you had not made up your mind as to whether you would tender or not when you left Southampton?—A. That is personally, in my own name.

Q. You had made up your mind to tender under the name of the Great Lakes Dredging Company, but not as to the necessity for putting in the usual two tenders?—A. No.

Hon. Mr. PUGSLEY.—Do you think that is fair? I have always understood that counsel should show fairness. The witness did not speak of 'usual tenders.' Your statement as to putting in 'the usual tenders,' intimating that they were bogus tenders, was something that was not said by the witness.

Mr. BOYCE.—I think that was justified by the witness' statement that the Great Lakes Dredging Company and A. F. Bowman tendered continually for the same work. That has already been proved.

Hon. Mr. PUGSLEY.—Not prior to 1905.

Mr. BENNETT.—There had been no tenders called prior to 1905.

*By Mr. Boyce:*

Q. Then you did that in 1905—that is you put in a tender in 1905 in apparent opposition to that of the Great Lakes Dredging Company by reason of the communication from Heckler?—A. Why yes. It was put in because the first, the company's tender, had already gone in.

Q. So that was the reason in 1905? In 1906 you tendered for Fort William harbour, did you not?—A. Yes.

Q. A. F. Bowman tendered at \$4 for rock and 18 cents for material? That is correct, is it not?—A. I think it is.

Q. And the Great Lakes Dredging Company tendered at \$3.09 and 9 cents, respectively? Is that correct?—A. I don't remember exactly.

Q. What was the object in 1906 in tendering in opposition to the Great Lakes



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Dredging Company?—A. I came down to put in a tender. I made up my mind I would put in one before I went away and did so.

Q. Why?—A. Why did I put in a tender?

Q. Yes.—A. To make an attempt to get the contract.

Q. You knew what the Great Lakes Dredging Company were doing?—A. Not about the price.

Q. You as a director of the Great Lakes Dredging Company and having that arrangement that you detailed in the early part of your examination with the company did not know what the price was in 1906?—A. I did not.

Q. You did not?—A. I did not know what their contract price was.

Q. What was the object then in your putting a tender in at all when you knew the Great Lakes Dredging Company were tendering?—A. Oh, there was not any particular object any more than I came down for that purpose prepared to put in one and did put in one.

Q. You tendered at 18 cents for sand and other material in 1906?—A. I think that is the figure, I am not quite sure.

Q. What was the tender in 1905? That was 12 cents, was it not?—A. 1905?

Q. Yes?—A. That is the 12 cents and 14 cents one.

Q. Twelve cents for one part and 14 cents for the other? What was the reason for increasing the price when there was going to be more competition?—A. The chances are it was the way the work was situated. That perhaps had some bearing on it.

Q. What?—A. It is very possible the way the work was situated had some bearing on the price. More went up the river or there was a long haul or something of that kind.

Q. Then you say that the time the contract of 1906 was awarded at 9 cents, was it not, to the Great Lakes Dredging Company?—A. That is correct, 9 cents.

Q. You did not know in 1906, you say, what the Great Lakes Dredging Company was tendering at?—A. I did not know the price they tendered at until after, the contract was put in after I went away.

Q. Was the tender put in at Ottawa?—A. Yes.

Q. And you and your brother, C. M. Bowman, were here?—A. Yes.

Q. You were both here, and you went to the department and got the forms of tender, did you, or did you have them typewritten again?—A. I do not remember that.

Q. Is that (producing Exhibit No. 4) the tender of the Great Lakes Dredging Company?—A. Yes, it looks like it, yes.

Q. Is that your tender? (Exhibit No. 5)—A. Yes, that is mine.

Q. Who wrote them both out?—A. This is mine, and this writing is in my brother's hand.

Q. Were not you two together when you wrote them out?—A. No.

Q. You went to the department and put them in together?—A. No.

Q. You did not? What did you do with yours?—A. I am not sure whether I mailed it or whether I took it up myself.

Q. You were in Ottawa when you made them out?—A. Yes.

Q. Did you mail them in Ottawa?—A. Is there a stamp on it?

Q. There is a stamp on it.—A. If it was mailed at all it was mailed in Ottawa.

Q. The postmark shows they were mailed in Ottawa?—A. Yes.

Q. Did you mail them together, you and your brother?—A. No.

Q. Were they not mailed at the same time?—A. No.

Q. Were they registered?—A. Mine was.

Q. Was your brother's?—A. I do not know.

Q. Who mailed yours?—A. I mailed it myself.

Q. Who mailed your brother's?—A. I do not know, I was not there.

Q. Are you quite sure?—A. Yes.

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Q. Wasn't your brother standing by your side at the time it was mailed?—A. I do not think so.

Q. I draw your attention to the matter of the coincidence that the registered number of the one (Exhibit No. 4) is 318, that is in the Ottawa post office, and the other (Exhibit No. 5) is numbered 319, is that a curious coincidence or not?—A. I do not know anything about it (looking at envelope covering tender of A. F. Bowman) but is that 309 or 319?

Q. 319.—A. Well, it may be either one or the other.

Q. It is either 309 or 319.—A. I do not know anything about it.

Q. Don't you know there is a curious coincidence, and that the envelopes are the same?—A. That is not very peculiar.

Q. It is not peculiar?—A. No.

Q. At any rate, at the time you put in your prices you did not know what prices the Great Lakes Dredging Company were putting in?—A. I did not know what price they did put in, no.

Q. You did not want to know, Mr. Bowman, did you?—A. Well, the fact of the matter was they got down so cheap in their price that I objected.

Q. I did not catch that.—A. I say they got down talking such cheap prices that I objected.

Q. You did not ask what their prices were?—A. Oh, yes, we discussed prices, but I was not willing to go lower than eleven cents.

Q. What price did you understand they were going to put in?—A. I did not know.

Q. You discussed the prices but didn't know their price?—A. I did not know their definite price.

Q. You knew they were going to put in a very much lower price than you thought proper?—A. They talked of putting in a lower price than I was willing to put in.

Q. And you, as director of the Great Lakes Dredging Company did not make it your business to find out the actual prices they were putting in their tender, is that correct?—A. That is the way it happened.

Q. Is that a fact?—A. I did not just get the way you put that.

Q. You being a director of the Great Lakes Dredging Company and having a quarter of the stock in that company, did not make it your business to find out what prices they were putting in?—A. That is so.

Q. Is that correct?—A. Yes.

Q. And your brother was present in Ottawa tendering on behalf of the company?—A. Yes.

Q. And you knowing that the Great Lakes Dredging Company were, in your opinion, going to tender at a price which was very much below what you thought the work could be done for?—A. Well I would not say that.

Q. Is that what you wanted to tell the committee?—A. What I am saying is that they were putting in at a lower rate than I was willing to put in for it.

Q. But you did not know the price?—A. I did not know the price they did put in.

Q. But you knew it was much lower than you thought the work could be done for?

*By Mr. Pardee.*

Q. Because you had gone out?—A. Yes, we differed on the matter and I went away and left them.

*By Mr. Boyce?*

Q. Were you willing they should put in that tender?—A. I was not.

Q. Did you object to their doing so?—A. Yes.

Q. To whom did you object?—A. To my brother and Mr. Whelan.

Q. And they overruled your objections?—A. Yes.

Q. Did they make out that tender in your presence?—A. No.

Q. What item were you discussing when you objected? Can you tell me?—A. No.

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Q. It was below eleven cents, you were discussing an unknown price with your co-directors?—A. I was not discussing anything under eleven cents, I was not willing to go lower than that.

Q. Then you tendered at eighteen cents?—A. Yes.

Q. Why did you tender at that when you knew they were going under eleven cents? Did you expect to get the contract?—A. No, I did not.

Q. Then why tender?—A. Well, because I came down to put in a tender and did so.

Q. You have said in a previous part of your examination that if your tender had been successful you would have to use the Great Lakes Dredging Company's plant to do the work?—A. That was referring to the other matter.

Q. Didn't that apply also to this?—A. We did not have any understanding as to this at all.

Q. Between 1905 and 1906 had you acquired any plant?—A. No, I do not think so.

Q. You only had the plant of the Great Lakes Dredging Company and the Frank?—A. Yes.

Q. So that the conditions were the same with regard to the dredging at this time?—A. We hadn't any understanding or arrangement at all.

Q. If you had been successful in your tender in 1906 you would have had to go to the Great Lakes Dredging Company to do the work?—A. They would have been only too pleased to do the work at that price.

Q. And I suppose the Great Lakes Dredging Company would have been pleased to have you do it. Have there been settlements of accounts on these contracts, *pro* and *con*, between yourself and the Great Lakes Dredging Company for these different works?—A. There wasn't anything to settle.

Q. Eh?—A. We didn't have any settlement about it, no.

Q. You have told us that where you received the contract you would have gone to the Great Lakes Dredging Company for the profits, haven't you? Haven't you now?—A. Well, I do not know that I said that.

Q. You also said that where you tendered and the Great Lakes Company got the contract you would look to them for a share in the profits—according to my recollection that is what you said, that where the Great Lakes Dredging Company got the contract you would share in the profits?—A. Yes, I said that.

*By the Chairman:*

Q. As a member of the company?—A. As a member of the company, that is right.

*By Mr. Boyce:*

Q. What accounts have you from the Great Lakes Dredging Company showing the distribution as between yourself and the Great Lakes Dredging Company, of any contracts awarded to you in your own name and performed by you with the dredges of the Great Lakes Dredging Company?—A. No, the money that was earned in a particular contract was paid directly to the Great Lakes Dredging Company, that is how it was done.

Q. Do you understand my question? Have you any accounts showing the adjustment between you and the Great Lakes Dredging Company of the profits of any contract performed by you for the government with the property and plant of the Great Lakes Dredging Company?—A. I do not think so.

Q. You have not?—A. I do not think so.

Q. How are these moneys paid to you?—A. Under power of attorney—I gave a power of attorney that the money would be paid in Port Arthur.

Q. To whom?—A. The Ontario Bank, I think.

Q. And those moneys—now, I am speaking about the moneys paid by the government on contracts to A. F. Bowman?—A. That is what I am speaking of.



Q. And performed by Bowman with the plant of the Great Lakes Dredging Company?—A. Yes.

Q. How were these moneys received by A. F. Bowman?—A. That is what I was telling you about, that I gave a power of attorney to the Ontario Bank to get the money.

Q. And pay it to whom?—A. It went to the Great Lakes Dredging Company.

Q. So that the money that was paid by the government to A. F. Bowman went to the Great Lakes Dredging Company through the Ontario Bank at Port Arthur?—A. Yes.

Q. And how did A. F. Bowman get back his share?—A. He has not got any of it yet.

Q. There has been no declaration of any dividend by the Great Lakes Dredging Company?—A. No.

Q. Has it been an unprofitable venture?—A. I have not seen any of the money yet.

Q. You have not seen any of the money?—A. No, not in the form of dividends.

Q. Where has the money gone then, the profits of this contract?

Hon Mr. PUGSLEY.—Mr. Boyce, I don't like to interrupt you, but can you suggest what the question of a division of profits as between Mr. Bowman and the Great Lakes Dredging Company has to do with this matter. Public tenders were called for, and a number of tenders were received by the department, and a contract was awarded to the company which was reported by the chief engineer to be the lowest tender. Now as to whether Mr. Bowman, as a shareholder, made much or little by it seems to me, to be beside the question.

Mr. BOYCE.—I submit it is very opportune that this committee should hear evidence showing the destination of this money. I think, only a few sessions ago, I heard the Finance Minister state one of the functions of this committee was to inquire who got the money.

The CHAIRMAN.—I think the objection to your last question is that you are going into the internal affairs of the dredging company. You have established, and there is no question, that the proceeds received by Mr. Bowman were turned over to that company. If that is the point you desire to make you have made it; but when you want to go further and go into the internal appropriation of the funds of the company it seems to me that is not pertinent to the inquiry, unless you suggest the money has gone to some persons who were not entitled by law to share in it. If you wanted to show that some member of the government profited, or some one who should not have done so, the question might be a proper one, but there is no suggestion of that sort.

The CHAIRMAN.—Perhaps this would answer the question if you ask him if he received any money out of the contract with him, otherwise than as a shareholder of the company.

Q. That is what I wanted to get at; I may not have got at it exactly. Now, Mr. Bowman, did you, out of your contract in your own name, get any money other than as a shareholder of the Great Lakes Dredging Company?—A. No.

Q. You did not?—A. No.

Q. Then it naturally follows your contract was that of the Great Lakes Dredging Company?—A. I have told you that before.

Q. I want to ask you a few questions with regard to the early history of your dredging business. Before the incorporation of the Great Lakes Dredging Company you were engaged in what business?—A. Before the incorporation?

Q. Yes.—A. In the dredging business, and contracting.

Q. At Port Arthur and Fort William?—A. Yes.

Q. In what name, associated with whom?—A. A. F. Bowman.

Q. Who else?—A. James Whelan and C. E. Bowman in the first place.

Q. What was the first name?—A. A. F. Bowman in the first place.

Q. Was not that firm Whelan and Bowman?—A. That was afterwards.

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Q. Can you recall what year that would be?—A. It would be about six years ago, I guess.

Q. That would be about 1902. Do you remember the firm of Conmee and Bowman?—A. Yes.

Q. Who were the members of that firm?—A. C. M. Bowman and James Conmee.

Q. Was there any interest of A. F. Bowman in that firm?—A. Well, yes, there would be.

Q. To C. M. Bowman?—A. Yes.

Q. Did the firm of Whelan and Bowman take over the business of Conmee and Bowman or succeed to them?—A. I am not just clear whether they did or whether it was absorbed by the Great Lakes Dredging Company.

Q. Wasn't it this way, first Conmee and Bowman; secondly Whelan and Bowman succeeding Conmee and Bowman?—A. No, it was the other way. In the first place A. F. Bowman, then Whelan and Bowman.

Where does Conmee and Bowman come in?—A. They started in on their own hook.

Q. What?—A. They turned in and bought a dredge, two of them.

Q. What, were the dredges imported by Conmee and Bowman, purchased or imported?—A. Possibly Conmee and Bowman, I think it was Conmee alone, bought No. 1—the Arthur, now called Number 1.

Q. Who did he buy that from?—A. Neil Macdonald.

Q. He bought that from Neil Macdonald?—A. Yes.

Q. That was a dredge in the lower part of the river, at Sault Ste. Marie?—A. No, she was at Fort William.

Q. What other dredge?—A. Number five was bought later on in the summer.

Q. Where did you buy Number five?—A. I did not buy her at all.

Q. Where did Conmee and Bowman buy her?—A. I think she was at the Sault.

Q. Were there any other dredges imported or purchased by Conmee and Bowman prior to the incorporation of the Great Lakes Dredging Company?—A. No.

Q. Are you sure of that?—A. I think I am sure.

Q. You think no scows or other dredging plant were imported by Conmee and Bowman?—A. They did not buy any other dredges or plant to my knowledge.

Q. Where did the Dominion come from?—A. She sprung up at Port Arthur.

Q. Was she built there?—A. Yes.

Q. By whom?—A. By the Great Lakes Dredging Company.

Q. Number six, where did she come from?—A. She was at Port Arthur when she was bought.

Q. By whom?—A. James Whelan and myself.

Q. And number eight?—A. There was no number eight in that contract.

Q. The Great Lakes Dredging Company owns number eight?—A. Not at that time.

Q. Not in 1902?—A. No.

Q. When did she come into existence?—A. A couple of years ago, about two years ago I guess.

Q. The Great Lakes Dredging Company succeeded what firm?—A. Well, they took in Conmee and Bowman and Whelan and Bowman.

Q. And the Great Lakes Dredging Company carried on and assumed the contracts of those two firms, didn't they?—A. Yes.

Q. Where are the accounts, as between those three firms, Conmee & Bowman, Whelan & Bowman, and the Great Lakes Dredging Company? Who keeps them?—A. They are kept at Port Arthur. I do not think Conmee & Bowman ever did any work.

Q. You don't think they did any work?—A. I don't think so.

Q. Conmee & Bowman and Whelan & Bowman were identical, weren't they?—A. It was all one company, at least it turned out that way afterwards. Whelan & Bowman bought one dredge and Conmee & Bowman bought another.

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Q. And they put them together?—A. In one company.

Q. And that company was called what?—A. The Great Lakes Dredging Company.

Q. And all the interests as represented at the time of their incorporation in the Great Lakes Dredging Company are now represented by their holdings in the Great Lakes Dredging Company's stocks?—A. Yes—outside of Mr. Conmee, he does not hold any interest now.

Q. I did not ask that. Why do you say Mr. Conmee does not own any interest?—A. I understood you to say that the interests represented at the time of the incorporation are represented in the holdings of the stock of the Great Lakes Company and those interests were Conmee & Bowman and Whelan & Bowman.

Q. That is not what I said. I said that Conmee & Bowman and Whelan & Bowman were consolidated into the Great Lakes Dredging Company, and I asked you whether the respective interests in those concerns were not taken out in shares of the Great Lakes Dredging Company, to which you answered, yes.

The CHAIRMAN.—Except as to Mr. Conmee.

Q. Then where did Mr. Conmee get off? Was it before the Great Lakes Dredging Company was reached?—A. I do not think he got off before it was reached.

Q. Then he got into the Great Lakes Dredging Company?—A. I think perhaps he did.

Q. Under what name?—A. If he got in at all, it was in his own name.

Q. You knew he got in, didn't you?—A. I am not sure about the date.

Q. I am not suggesting that he hadn't a perfect right to get in?—A. I know you are not.

Q. There is nothing to conceal?—A. No, I am trying to explain why I answered that way. I do not remember as to the date, the Great Lakes Dredging Company may have been formed while Mr. Conmee was still interested.

Q. I will give you the date, it was somewhere between the 23rd and 25th of October, 1902?—A. Yes.

Q. Now, you were concerned in the incorporation of that company, weren't you?—A. Yes.

Q. And the company was formed to carry on and to take over the business carried on by James Whelan and one A. F. Bowman?—A. The company was formed to carry on that business alone.

Q. That was one of the objects?—A. Yes, part of it.

Q. What was another object?—A. Well, the plant of Conmee & Bowman came in.

Q. That was incorporated in the firm of Whelan & Bowman, wasn't it?—A. No, I do not think so, do you mean in the Great Lakes Dredging Company?

Q. What interest did Mr. Conmee take out? Did he take any shares of the Great Lakes Dredging Company for his interest in the partnership which was absorbed by that company?—A. Twenty-five per cent.

Q. How was that taken out, in shares?—A. Yes, the shares were issued to him the same as to the rest of us.

Q. Was there any agreement between your firms, or the persons composing these firms, to consolidate everything into the Great Lakes Dredging Company?—A. It must have been, we agreed to do that, yes.

Q. Who attended to the incorporation of the Great Lakes Dredging Company?—A. Oh, I don't know.

Q. What solicitor?—A. I think Mr. Rowell; I am not sure.

Q. And he was one of the original incorporators?—A. I think so, yes.

Q. He was Mr. Conmee's solicitor, Conmee and Bowman's solicitor, and Conmee and Whelan's solicitor. I know that as a matter of fact?—A. I don't know that.

Q. And Mr. Conmee superintended the incorporation of that company himself?—A. Mr. Conmee?

Q. Yes?—A. No, I think not, not any more than any other person.



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Q. Do you not know he did attend to it absolutely, that he superintended it and with Mr. Rowell he got the company formed?—A. I don't hardly think so.

Q. You don't think so?—A. I don't think so.

Q. You would be surprised to learn that he did?—A. Yes, that he superintended it.

Q. He had something to do with the incorporation of it?—A. I naturally would suppose he would.

Q. And he was interested to the extent of 25%?—A. Yes.

Q. Do you know what he did with those shares?

Question objected to by Mr. Pardee.

*By Mr. Boyce:*

Q. With the permission of the committee I will put in the tender of the Great Lakes Dredging Company of May 4, 1905. No, I am wrong, I will put in the tender of the Great Lakes Dredging Company of 14th April, 1906; also the tender of A. F. Bowman, of 14th of April, 1906.

Document produced and marked Exhibits 4 and 5.

## EXHIBIT No. 4.

## DEPARTMENT OF PUBLIC WORKS.

## TENDER FOR DREDGING IN THE MISSION AND KAMINISTIGUIA RIVERS, ONT.

## GREAT LAKES DREDGING COMPANY, LIMITED.

We, the undersigned, hereby offer to the Honourable the Minister of Public Works, to furnish all the necessary dredges, drills, tugs, steamers, scows, labour, plant and machinery, and to execute and perform dredging in the Mission and Kaministiquia rivers, Ont., in strict accordance with the specification exhibited to us, for the following prices, the material to be dumped at the places mentioned in the specification:—

Rock—two dollars per cubic yard, scow measurement.

All other materials, nine cents per cubic yard, scow measurement.

Rock—three dollars per cubic yard, measured in situ.

All other materials, nine cents per cubic yard, measured in situ.

And hold ourselves ready to enter into a contract for the due execution of the said works.

We herewith inclose an accepted bank cheque, payable to the order of the Honourable the Minister of Public Works, for the sum of fifty thousand dollars (\$50,000) as per terms of the advertisement and the specification for this work.

Envelopes containing this tender are to be endorsed 'Tender for dredging in the Mission and Kaministiquia Rivers,' and addressed to the Secretary of the Department of Public Works, Ottawa.

All blanks to be properly filled, and the signatures of the persons tendering must be in their respective handwritings.

Signatures, occupations and post office addresses of parties tendering:

(Sgd.) GREAT LAKES DREDGING COMPANY, LIMITED,

Per A. F. BOWMAN, *President*.

Dated at Port Arthur, this 14th day of April, 1906.

## EXHIBIT No. 5.

## DEPARTMENT OF PUBLIC WORKS.

## TENDER FOR DREDGING IN THE MISSION AND KAMINISTIGUIA RIVERS, ONT.

I,

We, the undersigned, hereby offer to the Honourable the Minister of Public Works, to furnish all the necessary dredges, drills, tugs, steamers, scows, labour, plant

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and machinery, and to execute and perform dredging in the Mission and Kaministiquia rivers, Ont., in strict accordance with the specification exhibited to me, us, for the following prices, the material to be dumped at the places mentioned in the specification: rock, \$2.50 per cubic yard, scow measurement. All other materials 14 cents per cubic yard, scow measurement. Rock, \$4 per cubic yard, measured in situ. All other materials 18 cents per cubic yard, measured in situ, and hold myself ready to enter into a contract for the due execution of the said works.

I herewith inclose an accepted bank cheque, payable to the order of the Honourable the Minister of Public Works, for the sum of fifty thousand dollars (\$50,000) as per terms of the advertisement and the specification for this work.

Envelopes containing this tender are to be endorsed 'Tender for Dredging in the Mission and Kaministiquia Rivers,' and addressed to the Secretary of the Department of Public Works, Ottawa.

All blanks are to be properly filled and the signatures of the persons tendering must be in their respective handwriting.

Signatures, occupations and post office address of parties tendering.

Signed A. F. BOWMAN, Contractor,  
Southampton, Ont.

Dated at Ottawa this 14th day of April, 1906.

Q. You say that you did not go to the post office with your brother to mail these tenders which I have just produced?—A. No, I don't think I did.

Q. And that you are ignorant of the time or circumstances under which the Great Lakes Dredging Company's tender was mailed?—A. I say that I don't know when it was mailed or whether it was mailed at all or not, or what the price was they put in until afterwards.

Q. Until afterwards?—A. Until after the thing was all over.

Q. All you knew was?—A. They were going to put in cheaper than what I was going to put in a tender at.

Q. Now I just want to draw your attention to this feature; you see on the postage stamp 'Ottawa, Canada, April 14th, 1906'?—A. Yes.

Q. What are the figures above April 14th?—A. I don't know what that is. It is a one and something else.

Q. It is 1.4 is it not?—A. I don't know.

Q. I can see 1.4 as plain as possible.

Mr. PARBLE. —It speaks for itself. Put it in.

Q. Will you look at the post mark on the other stamp and see if it has the same figure?—A. That is a little more distinct.

Q. And what does that say? 1'4? —A. Yes.

Q. So if 1'4 is on the first one I showed you it is necessarily on the second?—A. Not necessarily.

Q. It is on the second envelope?—A. It is not on the second but it is on this one.

Q. The figure 1.4 appears on the top of the post mark on the tender of the Great Lakes Dredging Company?—A. It is 1.4 on that one.

Q. Do you know what 1.4 means on the postage stamp?—A. No.

Q. It means the hour does it not?—A. No, I don't know that. I did not stop to think about it at all.

Mr. BOYCE.—Well I suppose the post office records will supply the number and everything else.

*By Mr. Bennett:*

Q. I want to direct your attention to some work performed by this dredge No. 1, by which you were paid some \$15,000 odd. dollars. Reading from the Auditor-General's report that dredge was employed from July 2nd to October 12th. In the month of

## APPENDIX No. 1

July how many working days would there be starting on the 2nd July?—A. Twenty-four or twenty-five I suppose.

Mr. PARDEE.—What year is that?

Mr. BENNETT.—1905.

Q. Would there be about twenty-five working days?—A. Twenty-four or twenty-five.

Q. Then in August there would be about how many days? Twenty-six days?—

A. In August there would be twenty-five or twenty-six.

Q. Working days?—A. Yes, it depends upon the Sundays.

Q. I will leave the Sundays out.

THE CHAIRMAN.—Let us see what the items are. I do not follow you.

Mr. BENNETT.—It is for the fiscal year 1905.

THE CHAIRMAN.—We have nothing before us but the Auditor-General's Report for 1906 and 1907.

Mr. BENNETT.—Then I will have to bring Mr. Bowman back again next week. Under the agreement of last session I thought we were entitled to take up items in 1905.

THE CHAIRMAN.—No, 1906 and 1907 are all that are before us.

Mr. BENNETT.—Then I will have to bring Mr. Bowman back next week. I want to ask a similar question on the 1906 accounts.

THE CHAIRMAN.—You can ask him that.

Hon. Mr. PUGSLEY.—I would like to ask the witness one or two questions. Let me see the tenders for 1905 and 1906.

*By Mr. Bennett:*

Q. Turning to V—26 of the Auditor General's Report for 1905-6, I find this item, 'Dredge Number One, \$25,717.26.' Now, apparently, from this she started, it does not say so, but I assume it was on the first of June. You have no memoranda to show when she started?—A. No.

Q. Assuming that she worked all of June that would be 26 days about?—A. Yes.

Q. And in July about 26, August 26, September 26, October 26, that would be altogether 130 days. How many hours a day does the dredge work?—A. That is five months, is it?

Q. Yes.—A. It would be about 25 or 30 days per month.

Q. How many hours a day do they work on the dredge, ten hours?—A. Sixteen hours.

Q. Do they all work sixteen hours all the time?

Hon. Mr. PUGSLEY.—Wouldn't it be November, as well, Mr. Bennett?

Mr. BENNETT.—I am taking it to November, if November is inclusive it would be 156 days.

Q. You say they work sixteen hours a day all the time?—A. They are working sixteen hours a day altogether.

Q. What?—A. Sixteen hours a day, yes.

Q. Assuming that she works sixteen hours a day, how many hours would she have worked altogether? Just take a memo. there and see, I think you will find it is 2,496 hours?—A. How many days?

Q. We have 156 days including November.—A. About 2,500 hours, 2,496.

Q. Now, I find from the public accounts that this dredge, Number One, when working by the hour was paid at the rate of \$8 an hour, do you think that that is correct? I can give you day and date for it?—A. That is a long time ago.

Q. It is in the year 1904, I think.—A. This Number One is not the same dredge as she was when we got her, it is a different dredge altogether.

Q. That is you have improved her?—A. It is a different dredge altogether.

Q. It is a different dredge?—A. Yes.



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Hon. Mr. PUGSLEY.—Mr. Chairman, I do not wish to take up any time in the examination of this witness, but would ask that all the tenders both for 1905 and 1906 be put in evidence so that comparison of prices can be made.

The CHAIRMAN.—Are they all here?

Hon Mr. PUGSLEY.—They are all here, I think, yes.

(Schedule of tenders put in and marked Exhibits 6, 7 and 8).

EXHIBIT No. 6.

SCHEDULE of tenders for dredging in the Kaministiquia River and channel in Thunder Bay.

Letter.	Names of Tenderers.	Address.	From Thunder Bay to McKellar's Creek.	From McKellar's Creek to Power House.	Remarks.
A	A. F. Bowman.....	Southampton, Ont....	12c. per cub. yd	14c. per cub. yd	
B	{ Jas. Morphy .....	Fort William, Ont....	12c. " ..	15c. " ..	
	{ Louis Walsh .....				
	{ John King .....				
C	Great Lakes Dredging Co., Ltd .....	Port Arthur, Ont.....	13c. " ..	16c. " ..	
D	Wm. Davis & Sons .....	Ottawa, Ont.....	13 <sup>4</sup> / <sub>10</sub> c. " ..	16c. " ..	
E	The Fort William Dredging and Harbour Improve- ment Co.....				
F	{ John H. Hickler .....	Fort William, Ont....	14c. " ..	19 <sup>1</sup> / <sub>2</sub> c. " ..	
	{ Mal. Macdonald .....	Sault Ste. Marie, Ont..	14 <sup>1</sup> / <sub>2</sub> c. " ..	15c. " ..	
G	C. S. Boone.....	Toronto, Ont .....	14 <sup>3</sup> / <sub>4</sub> c. " ..	18c. " ..	
H	W. Davis & Sons .....	Ottawa, Ont .....	21c. " ..	23c. " ..	
I	Roger Miller.....	Ingersoll, Ont .....	30c. " ..	32c. " ..	
J	M. J. Haney .....	Toronto, Ont .....	31c. " ..	33c. " ..	

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## EXHIBIT No. 7.

## SCHEDULE of Tenders received for Dredging in the Mission and Kaministiquia Rivers, Ont.

PRICES QUOTED PER CUBIC YARD, SCOW MEASUREMENT.

Letter.	Name.	Address.	Amount.	Remarks.
			\$ cts.	
A	Great Lakes Dredging Co., Ltd.	Fort Arthur, Ont. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	2 00	
		All other materials. . .	0 09	
B	R. Weddell, M. McAuliff, W. J. Poupore, Randolph Macdonald.	Trenton, Ont. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	3 00	
		All other materials. . .	0 09½	
C	Canadian Dredge & Construction Co., Ltd.	Midland, Ont. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	3 00	
		All other materials. . .	0 10½	
D	Michael Connolly . . . . .	Ottawa, Ont. Address, Montreal. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	10 00	
		All other materials. . .	0 11½	
E	A. F. Bowman . . . . .	Southampton, Ont. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	2 50	
		All other materials. . .	0 14	
F	Erie & Ontario Dredging Co. . .	Welland, Ont. . . . .	Accepted bank cheque for \$50,000	
		Rock . . . . .	3 00	
		All other materials. . .	0 14½	

OTTAWA, April 18, 1906.

PRICES QUOTED PER CUBIC YARD, MEASURED *in situ*.

A	Great Lakes Dredging Co., Ltd	Port Arthur, Ont. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	3 00
		All other materials. . .	0 09
B	R. Weddell, M. McAuliff, W. J. Poupore.	Trenton, Ont. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	3 00
		All other materials. . .	0 09½
C	Michael Connolly . . . . .	Montreal, Que. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	12 00
		All other materials. . .	0 14
D	Canadian Dredge & Midland Construction Co., Ltd.	Midland, Ont. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	5 00
		All other materials. . .	0 15
E	A. F. Bowman . . . . .	Southampton, Ont. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	4 00
		All other materials. . .	0 18
F	Erie & Ontario Dredging Co., Ltd.	Welland, Ont. . . . .	Accepted bank cheque for \$50,000
		Rock . . . . .	4 00
		All other materials. . .	0 18

OTTAWA,, April 16, 1906.

## EXHIBIT No. 8.

## SCHEDULE of Tenders for Dredging in Harbour of Port Arthur, Ont.

Letter.	Name of tenderers and residence.	Clay, cub. yd.	Boulders and clay, cub. yd.	Quicksand cub. yd.	Hardpan, cub. yd.	Remarks.
		Cts.	Cts.	Cts.	Cts.	
A	A. F. Bowman, Southampton, Ont.	14	22	29	50	
B	John H. Hickler, Neil Macdonald, Sault Ste. Marie, Ont. ....	14½	21¾	38¾	38¾	
C	Great Lakes Dredging Co., Ltd., Port Arthur, Ont. ....	16	25	27	45	
D	C. S. Boone, Ottawa, Ont. ....	17	40	33	60	
E	W. Davis & Sons, Ottawa, Ont. ....	22	28	38	38	
F	Fort William Dredging & Harbour Improvement Co., Ltd., L. L. Peltier, Fort William, Ont. ....	22	40	85	85	
G	Roger Miller, Ingersoll, Ont. ....	30	49	54	54	
H	W. J. Haney, Toronto, Ont. ....	31	50	55	55	

*By Mr. Barker:*

Q. You tell us, Mr. Bowman, that when the Great Lakes Dredging Company proposed to tender below eleven cents for certain work you objected?—A. Yes.

Q. Where was that?—A. Here in Ottawa.

Q. Did you never hear what the Great Lakes Dredging Company were going to tender at until you came to Ottawa?—A. No.

Q. Although you, a director, came down with the president?—A. We all came down and met here.

Q. At all events you knew nothing about the rate they were going to tender at until you came here to Ottawa?—A. I do not hardly think they did themselves; none of us knew what the tender was going to be until we met some of the other dredging men around.

Q. There was no decision arrived at as to what the Great Lakes Dredging Company would tender at, until they came here as far as you believe?—A. There had not been any tender price arrived at until we got here.

Q. When you discussed with your brother, the president, and with the manager, the question of tendering here they did not tell you what they were going to tender at, although you were a director?—A. The reason they did not tell me was because I went away and left them.

Q. Did you ask them?—A. No, I did not until after. I told them to put in what they liked, I was vexed.

Q. And you, as a director, did not learn from them what rate they were going to put in the tender at?—A. No, I did not know.

Q. But you knew it would be under 11 cents?—A. Yes, that was what I was objecting to.

Q. Knowing that they were going to tender under 11 cents you drew up and sent in a separate tender in your own name?—A. I think at that time when you arrived at that I had most of it made up and simply sent it in.

Q. Then all the data was already made out?—A. I think so, yes.

Q. Of your personal tender?—A. I think it was.

Q. Competing against the company of which you were a director?—A. I have already said I was not altogether competing.

Q. I take that to be the case, you were not competing. Will you tell me why you put in a tender at 18 cents?—A. Well, there was not any particular reason that I know of.



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Q. What do you say?—A. There was no reason that I know of.

Q. Was it child's play or were you serious? I will expect you as a business man to give some reasonable answer to that?—A. There is no good reason for that.

Q. There is no good reason except that knowing they were going to tender at a less price you put in a tender, the form of which you had already brought with you with the intention of tendering, you put yours in personally at 18 cents?—A. I did.

Q. Will you tell me why? Did you intend to put in a tender by yourself before there was any dispute as to the rate you were going to tender at?—A. I always came down here prepared to put in a tender on any job.

Q. On any job?—A. That is any dredging work. I came down prepared to go on and put in a tender.

Q. Then if the president of your company had tendered at a price satisfactory to you are we to understand you would still put in another tender yourself?—A. No that does not follow. I might not, you know.

Q. Then it was really because they were tendering too low is that it?—A. Yes.

Q. That was the reason?—A. That was the reason.

Q. And the only reason?—A. Well, there really is no legitimate good reason for my putting it in. I did not expect to get it at that price. I simply put it in because I came down.

Q. It was a bit of child's play?—A. You can call it whatever you like.

Q. Are you in the habit of doing it?—A. I think that was the only time I ever did it.

Q. That was the only time?—A. I think so.

Q. Then your answer previously in which you said you always put in a tender was not quite correct?

Mr. PARDEE.—He said he always was prepared to put in a tender.

Q. Did you tell them you were going to do it?—A. No, I do not know that I did.

Q. Did they know you were going to do it?—A. I don't know that.

Q. Neither of them?—A. I don't know whether they did; I don't know whether they did or not.

Q. Did you consult with them and tell them that you were going to put in a tender against their tender?—A. Why I don't know that I did particularly. I don't know that I told them about it at all.

Q. They knew you were going to put in a tender?—A. I don't know whether they did or not.

Q. Do you say on your oath they did know you were going to put in a tender?—A. I don't know that they knew about it. My brother knew I was preparing to put one in.

Q. You gave us to understand both were prepared either in some law office or at the Russell House. Did they know you were preparing to tender?—A. Well, these forms were gotten-up there, gotten-up somewhere; I don't know exactly where it was.

Q. The form of your tender and the form of the company's tender was gotten up there?—A. Yes.

Q. And both parties knew they were gotten-up there?—A. They were not filled in there.

Q. Did you say to them you were going to make up a tender?—A. They knew I came down prepared to put in one.

Q. Did they protest against you as a director putting in another tender against theirs?—A. I don't know that they knew about it at all, my putting this tender in.

Q. You have just stated they did know?—A. I did not say that.

Mr. PARDEE.—He would not swear whether they did or did not know.

Q. If I have mis-stated the evidence it will appear on the notes. Do you mean to say they did not know that you had your form there and were going to tender?—A. I don't know as they knew about it.

Q. What is your belief about it?—A. I don't think they knew I put it in.

Q. You knew they were going to put in a tender?—A. Yes..

Q. Do you mean to say that your brother did not know that you put in that tender that was posted along with the other, that day?—A. I don't know as he did know about it.

Q. Do you think he did not? On your oath?—A. I don't know as he knew about it.

Q. You believe he did not know that you were putting in a tender that day? Will you say it on your oath?—A. I won't say he did not know but I don't know that he did know about it.

Q. You won't say positively?—A. I don't know about it.

Q. I suppose you won't say you did not know they put one in?—A. Indeed I did.

Q. If you knew what they were doing did you know that day they were putting a tender in?—A. I don't say that day but I knew they were going to put a tender in.

Q. Do you think they did not know you were putting a tender in?—A. Not necessarily. There was no arrangement that I should go and put this tender in.

Q. Now, will you give us any reason, except perhaps you did it for the fun of the thing, why you should put in a tender at nearly double the amount they asked?—A. I thought I was nearer the price they should get than they were, nearer the price that should be paid.

Q. Do you tell the committee seriously that you as a man of business put in another tender, with an expectation that it was to be treated as a tender, for nearly double the amount of the other tender?—A. I have already said I did not expect to get it.

*Mr. Reid (Grenville):*

Q. What deposit was necessary to put up in your tender?—A. On which one?

Q. The one for 18 cents?—A. Do you mean the Port Arthur or the Fort William tender?

Q. Port Arthur?—A. \$15,000.

Q. Then when you put in this tender for 18 cents you put up a \$15,000 cheque?—A. I did.

Q. And you knew at the time that the Great Lakes Dredging Company were putting in a tender at less than 10 cents?—A. I did not say less than 10 cents, I said less than 11 cents.

Q. Well, less than 11 cents. You knew that?—A. Yes.

Q. Whose cheque was put up with your tender?—A. My own.

Q. Your own personal cheque?—A. Yes.

Q. Was it an accepted cheque?—A. Oh, yes.

Q. An accepted cheque from the bank?—A. Oh, yes.

Q. You knew at the time when you put up the \$15,000 that the other tender was less than eleven cents. Was there any discussion between your directors about the advisability of having a high and low tender put in?—A. Nothing of the kind.

Q. There was none whatever?—A. No.

Q. You never discussed that before or afterwards?—A. No, there was nothing like that.

Q. Was there nothing like that at all?—A. About a high tender?

Q. About a high and low tender?—A. Not to my knowledge. They did not know I put this tender in at all, that was to my knowledge.

Q. Was there any other tender put in between your tender and that of your firm, between the eleven cents and the eighteen?—A. Not that I am aware of.

Q. You are not connected with the other tenderers at all?—A. No.

Q. You had not any other tender put in?—A. No.

Q. Did you have any discussion between you and the Great Lakes firm as to buying out other parties and having them withdraw their tender?—A. That is some other tenderers?

Q. Yes.—A. Not that I know of.

Q. You never did that?—A. No.

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Q. You never authorized any one to do that on behalf of yourself or the Great Lakes Dredging Company?—A. No.

Q. Nothing of that kind was done?—A. No.

Q. You never paid any other contractors anything for withdrawing their tenders?—A. No, I did not.

*By Hon. Mr. Pugsley:*

Q. Mr. Bowman, among the tenderers in 1905 for dredging in the Kaministiquia river and channel in Thunder Bay I see is one of A. F. Bowman, Southampton, Ont., at 12 cents per cubic yard from Thunder bay to McKellar's creek, and 14 cents per cubic yard from McKellar's creek to the power-house. The next lowest tenderers are James Morphy, Louis Walsh and John King, Fort William, Ont., at 12 cents per cubic yard from Thunder bay to McKellar's creek, and 15 cents per cubic yard from McKellar's creek to the power-house; the next was the Great Lakes Dredging Company, Limited, Port Arthur, Ontario, at 13 cents per cubic yard from Thunder Bay to McKellar's creek, and 16 cents per cubic yard from McKellar's creek to the power-house; the next tender was William Davis & Sons, Ottawa, Ontario, at 13½ cents per cubic yard from Thunder Bay to McKellar's creek, and 16 cents per cubic yard from McKellar's creek to the power-house. The next tenderer was from the Fort William Dredging and Harbour Improvement Company, Limited, Fort William, Ontario, at 14 cents and 17½ cents respectively; the next tenderer was John H. Hickler and Mal. Macdonald, Sault Ste. Marie, Ontario, at 14½ cents and 15 cents respectively; the next C. S. Boone, Toronto, 14½ cents and 18 cents; the next W. Davis & Sons, Ottawa, at 21 and 23 cents; the next Roger Miller, Ingersoll, Ont., at 30 cents and 32 cents, and the next and highest, M. J. Haney, Toronto, 31 cents and 33 cents per cubic yard respectively; let me ask you do you happen to know that all these tenderers are engaged in the dredging business and are practical people?—A. Well, practically so, there are one or two there I am not positive about.

Q. I see Mr. Haney's was the highest tender at 31 and 33 cents respectively, whereas yours was at 12 and 14 cents respectively?—A. Yes.

*Mr. Reid (Grenville):*

Q. Do you know Roger Miller and Mr. Haney?—A. Yes.

*Hon. Mr. Pugsley!*

Q. Then in 1906 the tenders were as follows: The Great Lakes Dredging Company, Limited, Port Arthur, rock, \$3, and all other material 9 cents; R. Weddell, M. McAuliff, W. J. Poupore and Randolph Macdonald, Trenton, rock, \$3, all other material 9½ cents; Michael Connolly, Montreal, rock \$12, all other materials 14 cents; the Canadian Dredge and Construction Company, Midland, Ont., rock, \$5; all other material 15 cents; A. F. Bowman, Southampton, rock, \$4; all other material, 18 cents. Erie and Ontario Dredging Company, Welland, rock, \$4; all other materials 18 cents per cubic yard measured *in situ*. Leaving yourself out of the question, are there all practical dredging people?—A. I think they are.

Q. And the Great Lakes Dredging Company Limited was the lowest tenderer at rock \$3 and all other materials 9 cents?—A. Yes.

*By Mr. Bennett:*

Q. Prior to 1896, what was your business?—A. Prior to 1906?

Q. Prior to 1896. Prior to the change of government here at Ottawa?—A. Oh, I see, you are getting away back.

Q. Had you been engaged in the tannery business?—A. Yes.

Q. You were a practical business man in that line?—A. Supposed to be, yes.

Q. You had a very high reputation, I understand, in your business. Now, had



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you any knowledge of contracting and dredging at all prior to 1896?—A. Well, not if that was the date I started. I am not sure of the date.

Q. When I tell you that C. M. Bowman first figures in the public accounts for dredging for 1897 would that be the commencement of your work?—A. I do not know what would cause him to appear there at that time.

Q. Oh, he got in quick?—A. If he did he deserves credit for it.

Q. He moved fast?—A. I do not know whether he had moneys coming to him that year or not.

Q. Now, you go up to Port Arthur to look after the work personally in Port Arthur?—A. I go up occasionally.

Q. Were you ever there one month continuously in the season of work?—A. Perhaps, not a month.

Q. How many visits do you make during the season?—A. This last while I go up once a month in the operating season.

Q. You go up there once a month for sure?—A. I might make it six weeks occasionally, but that is what I try to do.

Q. The practical knowledge that the Great Lakes Dredging Company have to depend upon is not the practical knowledge of A. F. Bowman, but somebody else when you have to come down to practical experience?—A. The whole thing doesn't centre in me.

Q. Are their tenders based on your knowledge?—A. I think my knowledge should be considered somewhat.

Q. I see, you think your knowledge is as good as your brother Charles' anyway?—A. I do not know about that.

Q. You are not a practical dredging contractor?—A. Yes, I am.

Q. Of how many years' knowledge?—A. It must be ten or eleven.

Q. You didn't know that it was in the accounts of 1897, you were surprised to know it was there?—A. I am not giving these dates exact, it is to the best of my knowledge from memory.

Q. You put in a marked cheque of \$15,000 with this tender for 16 cents?—A. Well, 16 or 18 cents whatever the price was.

Q. It was 16 cents. How long did they keep that cheque of yours for \$15,000 that was charged up against you in the bank?—A. If it had cost me anything, I would not have put it in, but under the arrangements that I have with the bank, they do not charge anything until the cheques are cashed.

Q. If anybody had known that you put in a tender at 16 cents when you knew that your firm had one in at 9 cents, would it not lead to the impression that if there were no other tenderers between, your firm would pull out?—A. I did not think of that.

Q. You did not think of that?—A. No, I did not.

Q. How are all the payments made up there now, is it by cubic yard?—A. Yes, scow measurement.

Q. Do you nominate the men who go on the scows?—A. I wish we could, no.

Q. Now seriously with a full consideration of the fact that you are under oath?—A. Yes.

Q. Who has nominated the inspectors on the scows?—A. I know I have not.

Q. You know you have not?—A. Certainly, not one.

Q. Have you ever heard who has nominated them?—A. I have heard that the executive did.

*Mr. Reid (Grenville):*

Q. The Liberal executive?—A. Yes.

*By Mr. Bennett:*

Q. Have you heard that Mr. Connée has ever had anything to do with the appointment of them?—A. No, I have not. The only party or parties I have ever

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heard of was the executive of either Port Arthur or Fort William. I thing that is the case.

Q. Have any of these inspectors ever been removed at your request?—A. No.

Q. Have you ever found fault with them for exacting too much as to what went into a scow?—A. Very often.

Q. You claimed that you were putting more into the scows than you were allowed for?—A. Yes.

Q. To whom did you make complaint?—A. To the engineer-in-charge.

Q. That was in writing you made these complaints?—A. Not necessarily so, I don't know that it was. We would get on the scow and discuss it there.

Q. Who was the engineer, Mr. Temple?—A. Yes.

Q. Who is the engineer there now? Mr. Temple has been removed?—A. Mr. Temple has got Port Arthur and Mr. Merriek, Fort William and the Mission.

Q. Did you make complaint personally to Mr. Temple that you were putting more stuff into the scows than you were allowed for?—A. Oh yes, we have often done that, you know.

*By Mr. Pardee:*

Q. That is a common thing in dredging, is it not?—A. It is a very common thing with dredging.

*By Mr. Bennett!*

Q. You were lucky to have the inspector there to make complaint to. My knowledge of the inspectors is that they are not near enough to make complaints to?—A. You want to go up there for a while and you will find them on the work.

*Mr. Reid (Grenville):*

Q. This cheque you put up with your tender. Was it the Great Lakes Dredging Company's money?—A. When I put up money with my tender?

Q. Yes.—A. No, my own personal cheque.

Q. You heard the list of tenderers that Mr. Pugsley read out, among the names was that of Roger Miller?—A. Yes.

Q. And you know Mr. Haney?—A. Yes.

Q. They are partners, are they not?—A. I believe they are.

Q. So that when their tenders were in it would be practically the same tender?—A. I don't know that they were in partnership at that time.

Q. Do you not know they were?—A. No.

Q. You don't really know?—A. No.

Q. Do you not know these two gentlemen were in partnership at Parry Sound?—A. I know that Roger Miller had the doing of some work there, but I don't really know that Mr. Haney was associated with him at that time.

Q. When you take the scow measurement, I suppose you have a certain capacity for the scow?—A. The scows measure up to a certain capacity.

Q. So that you could not load any more?—A. In fact——

Q. As a rule you fill these scows up, don't you?—A. And sometimes more than fill them.

Q. More than fill them?—A. Sometimes. It depends upon the material.

Q. But in those places where you were dredging what kind of material was there?—A. There was some material there we could put on an overload of ten per cent.

Q. More than the scow would hold?—A. More than the scow would hold. It will be stacked up on top of the scow, on the combing of the scow.

*By Mr. Barker:*

Q. You stacked it up although you naturally were not allowed for it?—A. Oh, no, the inspector gives us an overload.

*By Mr. Reid (Grenville):*

Q. In regard to this scow measurement. Before the work was proceeded with, for instance after you get a contract do you have a profile given to you showing you the earth below the water to be excavated?—A. They usually supply a plan of the work, a blue-print of it showing what is to be done.

Q. And after the work is completed there is not anything done, so far as engineering is concerned, to find out whether the quantity of material taken out is more or less than it would show by the profile?—A. In any case I have ever done any work, they take the soundings after the work has been done.

Q. Do you prefer the scow measurement or the other way of telling the measurement before any work is done?—A. Do you mean the difference between scow measurement and in situ which would I prefer?

Q. Yes?—A. I prefer the scow measurement. I don't think I would put in a price for in situ for anybody.

Q. You would not put any in?—A. No.

Q. You don't think it would be right to do that?—A. I have done it and been sorry for it. I have told the engineers in charge of the work that I don't think I would ever put in a price on material again in situ.

Q. Had the Great Lakes Dredging Company any contract of that kind?—A. The Great Lakes Dredging Company had nothing to do with them.

Q. Do you know whether they have any contract of that kind?—A. In situ?

Q. Yes?—A. No.

Q. They have not anything of that kind?—A. No.

Q. And you would not tender upon anything less than scow measurement?—A. Not unless I changed my opinion about it.

Witness discharged.

The committee adjourned.



REPORT  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
RELATING TO  
SOURIS FISH DRIER

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY  
1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





HOUSE OF COMMONS,  
COMMITTEE ROOM No. 32,  
MONDAY, May 18, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the chairman, Mr. A. H. Clarke, presiding, and proceeded to the consideration of a payment of \$19,711.90, and also a payment of \$14,449.36, in connection with the Souris, P.E.I., fish drier, the first mentioned payment being set out at P—196 of the Report of the Auditor General, 1906, and the latter payment at P—170 of the Report of the Auditor General, 1907.

Mr. JAMES McEACHERN, Souris, P.E.I., called and sworn and examined:

*By Mr. Crockett:*

Q. Mr. McEachern, I see from the Auditor General's Report for the year ended 31st March, 1906, that you were down as having supplied lumber for the Souris fish drier to the amount of between \$390 and \$400, is that right?—A. I remember of having supplied some.

Q. You did supply lumber and hardware for the fish drier?—A. Yes, sir. Let me see. I don't remember of any hardware; I supplied some lumber.

Q. I will read the items set out at page P—186 of the Auditor General's Report for the year ended June 30, 1906 (reads): 'McEachern, James, Souris: inspection of plant, 35 d. at \$3.50; iron, 821½ lbs. at \$2.75 per 100 lbs.; round timber, 92½ tons at \$3; sheathing, 1,040 ft. at \$20; shingles, 25 M at \$1.50; spruce boards, 5,450 ft. at \$12; spruce plank, 3,445 ft. at \$17; spruce straps, 1,200 ft. at \$7.50—\$613.85.' Did you supply those materials for the fish drier?—A. Yes, sir.

Q. At what time did you furnish them?—A. Some of them was furnished in 1905, some of them in 1906.

Q. How much did you furnish in 1905?—A. I don't remember the exact amount.

Q. You do not remember?—A. No, sir.

Q. Have you any books in which these details could be found?—A. No, sir.

Q. Or papers in connection with it?—A. No, sir.

Q. Is it not a fact, Mr. McEachern, that in addition to these items you furnished other material in 1905 which appear in the accounts of that year?—A. Yes, sir.

Q. I take it from the entry which I have read that all these supplies were furnished in the year 1906?—A. No, sir.

Q. From June, 1905, to June, 1906?—A. No, sir; it was 1905, some of them.

Q. Then you did not furnish all of these materials that I have specified and read from the Auditor General's Report in the year 1906?—A. No, sir, not all of them.

Q. In the year 1906 what was your occupation?—A. I was clerk of works building a post office.

Q. On the post office, where?—A. Souris.

Q. Built by the Public Works Department?—A. Yes, sir.

Q. How long were you engaged in that work?—A. I was engaged from August, 1905, to some time in December, 1906, I think, as near as I can remember.

Q. From August, 1905, too when?—A. To December, 1906, I think.

Q. 1906?—A. I think so.

Q. And were you employed at a daily wage as clerk of works?—A. Yes, sir.

Q. Did you spend most of your time in inspecting the post office building?—A. Yes, sir.

Q. Were you supposed to be specially on that work?—A. Yes, sir.

Q. Were you engaged, Mr. McEachern, in the lumber business during the year 1906?—A. I had some lumber.

Q. Were you engaged in the business, were you carrying on the lumber business?—A. On a small scale.

Q. What do you mean by a small scale?—A. Well, I had a small quantity of lumber on hand.

Q. Did you supply lumber to any other work than the fish drier?—A. I think so. I don't remember very closely, but I think I did.

Q. Are you certain about that?—A. Not quite certain, but I think I did.

Q. I am speaking of the period from the 1st July, 1905, until the 30th June, 1906; were you carrying on a lumber business at that time?—A. I would judge that I was about out of lumber at that time, but I think I had a little.

Q. Q. You were about out of lumber then?—A. Yes, but I had a little.

Q. Was it not the fact that you had failed in the lumber business during the previous year and had retired from that business?—A. Yes, sir.

Q. Then you were not carrying on a lumber business from the 1st July, 1905, until the 30th June, 1906? Were you, as a matter of fact?—A. I had not much of a lumber yard, but there was a few feet of lumber there, that is about all.

Q. A few feet of lumber?—A. Yes, sir.

Q. Was not all your stock sold?—A. Yes, sir.

Q. Your stock and property that you owned while carrying on your lumber business had been seized and sold?—A. Yes, sir.

Q. And you were left without any?—A. Yes.

Q. So you were not carrying on a lumber business in the year 1905-6, during which you supplied the fish drier with this lumber? Now, that is the fact, is it not?—A. Yes; I had no lumber yard.

Q. You had no lumber?—A. Only what I bought myself.

Q. Where did you obtain this lumber that you supplied the fish drier with?—A. I bought it.

Q. From whom?—A. I bought some of it from the Hughes Company.

Q. You bought some of it from the Hughes Company?—A. Yes, sir.

Q. Did you buy it all from the Hughes Company?—A. No, sir.

Q. What part, or what proportion, of the lumber did you buy from the Hughes Company?—A. I bought some shingles.

Q. You obtained all the shingles, did you not, from them?—A. I bought some spruce shingles.

Q. All the shingles?—You have charged here for a certain quantity of shingles?—A. Yes.

Q. Did you get all these shingles from the Hughes Company?—A. In 1906?

Q. That were turned into the drier?—A. In 1906?

Q. Yes?—A. In 1906 I did.

Q. What did you say?—A. Yes, I did in 1906.

Q. What about the spruce boards?—A. I got some spruce boards. I bought some spruce boards of him.

Q. Did you get all the spruce boards which you turned into the drier from the Hughes Company?—A. I don't remember—

Q. You don't remember?—A. If I got them all. There is some two or three buildings connected with the drier.

Q. I am speaking of the boards that you supplied for the drier in the year 1905-6, did you get all these boards from Mr. Hughes' firm?—A. In 1906 I did.

Q. You did?—A. What I supplied them with.

Q. And all the plank?—A. I supplied whatever is given in the bill. I don't remember distinctly, but whatever is in the bill.



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Q. And you got all the lumber from Mr. Hughes' firm?—A. What is in my accounts charged here.

Q. What is charged in the account?—A. Yes.

Q. You got it all from Mr. Hughes' firm?—A. That is for 1906.

Q. And also the hardware, did you get that from the Hughes' firm?—A. Not that I remember of. I don't think there is any hardware in my account.

Q. Well, you are down here for 821½ lb. of iron?—A. That is iron, oh, yes.

Q. At \$2.75 per 100 lb. Did you get all that from the Hughes' firm?—A. Yes.

Q. So that all these goods that are charged here as having been supplied by you for the drier, you got from the Hughes' firm?—A. In 1906.

Q. In 1906?—A. In 1906.

Q. Now, Mr. McEachern, did you buy these goods from Mr. Hughes, this Hughes' firm?

Mr. MACLEAN (Lunenburg).—I wish to make objection here, the witness has already answered that he bought these goods from the firm of J. J. Hughes & Co. He calls it the Hughes Company. The firm of Hughes & Company, as I understand it, one of the members of that firm is Mr. J. J. Hughes, who is member for Kings, P.E.I., against whom an action for penalties for the violation of the Independence of Parliament Act has been taken—

The CHAIRMAN.—And the action is pending.

Mr. MACLEAN (Lunenburg).—The action is pending, and the writ has been issued. It is quite clear and apparent from the tenor of the examination this morning that my friend Mr. Crockett does not intend to pursue a line of examination that will come strictly within the purview of this committee. He is on an excursion this morning for evidence which may be used in this action for penalties which may be brought against Mr. Hughes. I submit he has no right to look in this committee for that evidence, either in connection with that action or for the purpose of disqualifying Mr. Hughes from holding a seat in parliament, and Mr. Hughes, or anybody on his behalf, should not be asked to submit evidence which may controvert any prima facie case which Mr. Crockett may make here. It is quite clear that an examination of that kind can only take place before the Committee on Privileges and Elections. Nobody can dispute that the witness said he bought these goods from Hughes & Company, and all that we are concerned about is whether the prices paid for the goods were fair, and whether proper values were received. I ask the chairman to rule on that question.

The CHAIRMAN.—The witness has already answered it.

Mr. MACLEAN.—(Lunenburg)—But I do not propose to allow Mr. Crockett to pursue his examination along these lines.

Mr. CROCKET.—My hon. friend is quite mistaken in his remarks as to the object of this question being an attack upon the seat of the hon. member for Kings. This is a matter which is surely open to this committee to investigate. I have read the item, and it is the function of this committee to make an enquiry in reference to the supplying of these goods. The witness has said that he bought these goods from Hughes, that is the expression he used, and I want to find out whether, as a matter of fact, he did, and that the man he bought them from was Mr. Hughes.

Mr. MACLEAN (Lunenburg).—What difference does that make?

Mr. CROCKET.—I propose to show from this witness just exactly what they were worth, what they were turned into the government at, and what he paid for them.

The CHAIRMAN.—What do you say about that procedure in Toronto, to which reference has been made.

Mr. NORTHROP.—The point in Toronto is this, that an attempt was made before the Public Accounts Committee to go into the procedure in the Registrar's office at Haileybury and it was held that that could only refer to the conduct of the registrar there, and, by no possibility, could the consideration of that matter come before the Public Accounts Committee.

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Mr. PARDEE.—It was held that they could not ask any question in any way bearing on a case which was the subject of pending litigation.

Mr. NORTHROP.—That is not the way I read the report in the newspapers. They would not allow this matter to come in on the ground that the only possible object of asking the question was to get evidence for a case which was then pending in the courts; that it could not interest the committee whether the registrar had discharged his duty or not.

The CHAIRMAN.—If this has nothing to do with the case before the committee it should not be asked of course.

Mr. PARDEE.—They further laid down the rule that no question could be asked in that committee that would have a bearing upon pending litigation.

Mr. NORTHROP.—I think that would be a very foolish ruling. The question asked is a perfectly legitimate one.

The CHAIRMAN.—A good many thought it was a very absurd ruling that was given in Toronto, there is no doubt about that.

Mr. MACLEAN (Lunenburg).—Mr. Crocket a moment ago said he proposed asking this witness whether or not he actually bought these goods from the firm of Hughes and Company. There is only one purpose in putting a question of that kind.

The CHAIRMAN.—There would be the question of whether he paid too much for them of course.

Mr. CROCKET.—Mr. Maclean has raised the question whether it is open to the committee to go into a question which is pending before the courts. That question was determined in the courts of Nova Scotia in connection with the Halifax land deal, which was before this committee. A writ had been issued against the Halifax 'Herald' by Mayor McIlreith in connection with the libel suit, and it was sought in the course of that litigation to restrain the newspapers from publishing the proceedings before this committee. That was argued, and the court held, although the injunction was granted, that no paper could be restrained from publishing the proceedings of a Committee of Parliament. If there was anything in that contention, as was pointed out at the time, parliament would be controlled by the courts of this country, and I do not think that any member of the committee would support such a proposition as that.

Mr. BARKER.—It strikes me this principle must be very plain: we are here to investigate the accounts and are we to be stopped because two people quarrel, no matter what the point at issue, upon any transaction in relation to these particular accounts. It is one of the most preposterous objections I have ever heard. What is the position of this gentleman who is a witness here? He was a public servant, and while a public servant engaged on one building in the town, he was selling material to the government for another building; and the person who we want evidence from, Mr. McFarlane, I think it is, has got sick just at this moment. This is the only man we have here, and we are getting evidence from him, not only as to his own affairs, but also as affecting Mr. McFarlane. This gentleman surely is bound to tell us, especially having regard to the fact that he was a paid servant of the government at the time, whether he got this lumber, and this iron, and other things, and how it happened that he, a man who had gone into insolvency—I suppose the word insolvency does not apply strictly—at all events he was sold out of business and was at the time employed by the government as clerk of works on a building that was going on, is able to be selling lumber to the government; he is asked where he got that lumber: how do we know there was any lumber delivered at all.

Mr. MACLEAN (Lunenburg).—He tells us that it was.

Mr. BARKER.—We have the right to know that.

Mr. MACLEAN (Lunenburg).—He has answered that question.

Mr. BARKER.—Where did he get the lumber that he professes to have sold the government?

Mr. MACLEAN (Lunenburg).—He has answered that also.

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Mr. BARKER.—We are not bound by that answer, we can cross-examine him if we desire to.

The CHAIRMAN.—So far there is nothing before the Committee. The question that has been asked, has been answered.

Mr. BAKER.—He has been asked a further question and Mr. Maclean objects and says there is a member of parliament in that firm, you must not ask any more questions in reference to that because there is an action pending; I do not see that at all.

The CHAIRMAN.—This the way it strikes me, so long as the evidence applies to these payments that have been made I do not see that we can rule out that evidence; but if it is intended to go into the substantive question of the disqualification of a member of parliament, then we will have to draw the line there.

Mr. CROCKET.—That will have to stand on its own bottom.

Mr. MACDONALD.—That is a matter for the Committee on Privileges and Elections.

The CHAIRMAN.—But because it bears on the item we could not rule it out.

*By Mr. Crocket:*

Q. Before these goods were delivered at the drier did you buy them from the firm of J. J. Hughes & Company?—A. I bought them delivered.

Q. You bought them delivered. What do you mean by that?—A. Delivered at the works.

Q. The firm of Hughes & Company were to deliver them?—A. Yes.

Q. And the firm of Hughes & Company did deliver all this lumber?—A. Yes.

Q. And all this iron at the works?—A. Yes, at the works.

Q. Were the firm of Hughes & Company carrying on a lumber business?—A. Yes, they did some lumber business.

Q. Have they a lumber yard?—A. They buy and sell lumber.

Q. Have they a lumber yard?—A. They have lumber on hand and buy and sell always.

Q. Did you buy the lumber from the firm on the ground?—A. I bought this delivered.

Q. Did you see the lumber on the premises of Hughes & Company?—A. I don't remember anything about that. I bought the lumber delivered on the works.

Q. And the quantity specified, did you send an order for this quantity?—A. Yes, sir.

Q. Do you know if the firm of Hughes & Company bought this lumber from others?—A. I don't remember about that.

Q. Do you know that?—A. I don't know anything about that.

Q. Do you know if they arranged with other parties to supply this lumber which you ordered?—A. They likely bought from some one, they did not grow it.

Q. Did they not buy the specified quantity to turn over to the drier or to you?—A. To me?

Q. Yes?

The CHAIRMAN.—What Mr. Crocket means, was this lumber got out of stock or was an order given by them for the precise quantities?—A. I could not tell you.

*By Mr. Crocket:*

Q. Do you or do you not know, Mr. McEachern?—A. I don't remember distinctly.

Q. You do not remember?—A. Distinctly.

*By Mr. Macdonald:*

Q. Did you see any letter written by Hughes & Company to other people asking them to bring lumber or do you know of any arrangement made by them with a third party to get lumber?—A. I don't remember.



*By Mr. Maclean (Lunenburg) :*

Q. You asked Hughes & Company to get this lumber for you did you not?—A. To get it from them.

Q. You asked them to get it for you?—A. Yes, sir.

Q. You assumed that they purchased it from other people?—A. Yes, sir.

Q. You assumed that they purchased it from other people?—A. Oh likely.

Q. It is not likely. Have you not got an opinion about it?—A. Yes.

*By Mr. Crocket :*

Q. You knew then that Hughes & Company did not have the shingles to supply at the time?—A. The shingles?

Q. Yes, you knew that they did not have the shingles to supply at the time?—A. I could not say.

Q. You did not know whether they did or not?—A. They always kept shingles.

Q. Do you know whether they had shingles in stock at the time or not?—A. They had.

Q. Do you know if they had boards and spruce plank in stock at the time?—A. They had boards.

Q. They had boards in stock?—A. Yes, sir.

Q. Did they have spruce planks in stock?—A. I ain't quite clear on that.

Q. And what about the spruce straps?—A. The spruce straps they are not in that. That would be in 1905 I think.

Q. Yes, there are spruce straps in 1906. Did they have those spruce straps in stock?—A. I think the spruce straps belong to 1905.

Q. No, they do not, they are in 1906. Well at any rate you are not able to say whether they had them or not?—A. I don't remember.

Q. At what price did you buy these goods from the Hughes' firm?—A. I cannot recollect exactly the figures I paid for them.

Q. You cannot recollect?—A. No.

Q. Do you recollect the figures that you charged the government?—A. Well, yes, for some of them I do.

Q. Tell us what you charged for shingles?—A. I think it was \$1.50 for shingles.

Q. And the spruce boards per thousand what did you charge for them?—A. \$12.

Q. And the spruce plank?—A. \$17 or \$18.

Q. It is \$17 here. And for spruce straps what did you charge?—A. Spruce straps, is that lineal measure that is there?

Q. Spruce straps, 1,200 feet?—A. It would be lineal measure \$7 or \$8 a thousand.

Q. They are down here at \$7.50 per thousand?—A. Something like that.

*By Mr. Maclean (Lunenburg).*

Q. Have you gone over the accounts which would give the selling price to the government since you came to Ottawa?—A. Well I have an idea.

Q. I ask you if you have gone over the papers, over your bills rendered to the department since you came to Ottawa?—A. No, sir.

Q. You have not?—A. No.

*By Mr. Crocket:*

Q. You recollect the prices that you charged the government. Then I ask you to give the prices that you paid to Mr. Hughes or the Hughes' firm. How much did you pay for the shingles?—A. I don't remember the exact price, I could not say distinctly.

Q. You do not remember the prices at which you bought from the Hughes' firm?—A. Well I would not like to swear to them exactly.

Q. Did you pay more than \$1 a thousand for the shingles?—A. I think I must have paid more than that.

Q. What is that?—A. I think I must have paid more than that.

Q. Do you remember whether you did or not?—A. Not distinctly.

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Q. You do not remember what you paid for the boards or the planks?—A. I don't remember exactly what I paid for that material.

Q. While you were putting this lumber into the drier you were inspector on that building were you not?—A. No, sir, not in 1906.

Q. You were not inspector in 1906?—A. No, sir, not in the drier, I was in another building.

Q. You were not on the drier?—A. No, sir.

Q. When was the drier built?—A. Built in 1904 and 1905 the exterior of it and the interior.

Q. In 1904?—A. And 1905.

Q. It was begun in the fall of one year and continued in the spring of the next, is that what you mean?—A. In 1904 and 1905.

Q. Was there not an addition built in 1906?—A. Yes.

Q. Were you not inspector on that?—A. No, sir.

Q. You were not inspector?—A. No, sir.

Q. Was this lumber supplied for the addition to the building?—A. For the addition? It is a separate building, it is no addition.

Q. What is it called, the new building?—A. It is called a fish house to receive fresh fish, green fish.

Q. Were you inspector on the original building?—A. In 1904?

Q. In 1904-5?—A. No, sir, I was builder.

Q. You were builder?—A. Yes.

Q. Under a contract?—A. No, sir. I was instructed to build it.

Q. By whom?—A. By the department.

Q. By whom?—A. The department.

Q. By the department; by day's work?—A. Yes.

Q. You say that the arrangement was with you for the construction of this building, there was no contract, how were you to be paid?—A. Day's work—day's wages.

*By Mr. Maclean (Lunenburg):*

Q. You were under inspection, weren't you?—A. Subject to inspection, yes.

*By Mr. Crockett:*

Q. Did you supply all the materials for the construction of this building?—A. No, sir.

Q. Who supplied those?—A. I supplied some of them.

Q. Did your arrangement with the government include the supplying of material and supervising of the work as well?—A. Yes, sir.

Q. And you were responsible for all the materials and for the work?—A. Yes, sir.

Q. There was no contract?—A. No, sir.

Q. There was no specific sum fixed; you were just to be paid for the materials that were supplied, for the material that was put in and the labour that you paid for?—A. Yes, sir.

Q. Is that right?—A. Yes, sir.

Q. Was there any other labour supplied than what you supplied yourself?—A. No, sir; I supplied the labour.

Q. You supplied all the labour that was used in the construction of that building?—A. I engaged the men who did the work.

Q. And you paid the men?—A. The government did; that is, I certified to the accounts.

Q. Did they advance the money to you and you paid the men? Or did they pay the men?—A. I certified the accounts, and the cheques came to me and were delivered to the men.

Q. You were simply the foreman then?—A. The foreman; yes, sir.

*By Mr. Bennett:*

Q. You didn't have a profit on the labour?—A. No, sir.

*By Mr. Crocket:*

Q. You were simply the foreman then?—A. Yes, sir.

Q. It is hardly right, then, to say that you supplied the material and were responsible for it as well as for the labour?—A. Well, being a builder, I knew where to buy it, and I supplied some of it myself.

Q. You did buy material, lumber, for this building?—A. I bought some, yes.

Q. And you had some yourself and you turned that in?—A. Yes.

Q. And you sent on your accounts here to the department?—A. Yes, sir.

The CHAIRMAN.—Is that the same building that these goods were got for?

Mr. CROCKET.—He said that was the building, the original drier, that was built in 1904-5.

The CHAIRMAN.—That is not in these accounts here.

*By Mr. Bennett:*

Q. Would you have a profit on the material that you furnished?—A. No.

The CHAIRMAN.—We cannot go into anything before the 1905-6 report. If it is in the Auditor General's Report here for 1905-6 or 6-7, it is all right, but we cannot go into anything before that. The accounts for 1904-5 are not before us. Anything before July 1, 1905, is not before the committee.

*By Mr. Crocket:*

Q. Just to explain that. I see in the report for 1905 the entry with regard to the Souris fish drier, 'superintending, 104 days at \$3.50.' does that refer to you?—A. Yes, sir.

Q. That is the position you occupied?—A. Yes, sir.

The CHAIRMAN.—That has nothing to do with these items, I understand.

Mr. CROCKET.—No, but I want to find out what position he occupied in connection with the construction of these driers. He is in there for superintending, and in the report for 1906 he is down for 35 days for superintending also.

The CHAIRMAN.—That is for 'inspection of plant'; that was 35 days.

*By Mr. Crocket:*

Q. Did you receive \$3.50 per day for your services in 1904-5?—A. Yes, sir.

Q. When you said you were acting as foreman?—A. Yes, sir.

Q. And in that year you supplied materials as well as acting as superintendent?—A. Yes, sir.

Q. Now, in the report for 1906 it appears, in the item I have already read, Mr. McEachern, that you are down for 'inspection of plant, 35 days at \$3.50'?—A. That should be 1905, I think.

Q. Well, it is in the report for the year 1906.

Mr. MACLEAN (Lubenburger).—He is not responsible for that; he says he didn't do any inspection work in 1906.

*By Mr. Crocket:*

Q. You say you did not do any inspection work in 1906, did you receive any pay for doing it?

The CHAIRMAN.—Do not mislead him; if the work was done after the 1st of July, 1905, it would come into that year—1905-6.

A. That would be in the spring of 1905.

Q. I suppose payment may have been made after the 1st of July and the work was done previous, that is possible?—A. Exactly.

*By Mr. Crocket:*

Q. Then you say your work as an inspector or superintendent ceased with the completion of the original building?—A. In 1905.



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Q. And that you were not employed as inspector of any building that was being erected in 1906. When was work begun on that new building in 1906?—A. It would be in April, I think.

Q. In April?—A. Yes.

Q. And when was it completed?—A. It would be in July or August; July, I think, sometime.

Q. July or August? When was the original building completed?—A. The original building was completed in June or July, 1905.

Q. Now, I think you said you did not know who the Hughes' firm bought this lumber from? You said you did not know that?—A. I don't know the parties at all.

Q. Do you know, or do you not, Mr. McEachern, that this lumber that was turned into the drier in your name, was bought by the Hughes' firm from Messrs. Mooney, of Greenvale, at \$2 and \$2.25 per ton and turned into the government in your name at \$3 per ton?—A. I don't know anything about that.

Q. You do not know that, as a fact?—A. I do not know what he paid for it.

Q. Do you know that the shingles were bought from Alexander Dixon by the Hughes' firm at \$1 and turned into the government at \$1.50?—A. I do not know what they paid for their stock.

Q. When did you pay for this stock?—A. I do not remember distinctly; they charged me with the stock when I bought it and I paid for it later on.

Q. You say the Hughes firm charged you with the stock when you bought it?—A. I had a running account there.

Q. You had a running account with them and they charged you with it when you bought it and you paid for it later on. Did you pay for it before you received payment from the government?—A. I don't remember.

Q. You don't remember?—A. No.

Q. Do you remember when you received payment from the government?—A. It would be in May or June of that year, 1906.

Q. Did you receive cheques from the department?—A. Yes, sir.

Q. How many cheques did you receive?—A. Two, I think.

Q. Two cheques, and what did you do with the cheques?—A. I placed them to my credit.

Q. With whom?—A. With the Hughes Company.

Q. You simply turned the cheques over to the Hughes Company, didn't you?—A. I placed them to my credit.

Mr. MACLEAN (Lunenburg).—He endorsed them.

*By Mr. Crocket:*

Q. What do you mean by placing them to your credit, handing them over?—A. I endorsed them to the Hughes Company.

Q. You turned all the cheques that you received for this lumber from the government over to Hughes & Company, did you not?—A. I might have.

Q. Is it not a fact that you turned all the cheques you received that year over to Hughes & Company?—A. I may have, I don't remember.

Q. Well, here are the cheques (producing cheques.) There are three cheques?—A. (After examining cheques.) There is one in 1905, that has nothing to do with it. Here are two for 1906, it would be those two.

Q. These two cheques you say. There is a cheque dated 25th May, 1906, for \$270?—A. Yes.

Q. 'Pay to the order of James McEachern \$270'?—A. Yes, sir.

Q. It is endorsed 'James McEachern and J. J. Hughes & Company,' and for endorsement 'Pay to the order of any chartered bank or banker.' You turned that over to the Hughes Company as soon as you received it, did you not?—A. I endorsed it and told them to place it to my credit.

Q. Who did you give it to?—A. To the bookkeeper.

Q. To the book-keeper of the Hughes' firm?—A. Yes, sir.

Q. Here is another cheque for \$132.99, dated 29th June, 1906, 'Pay to the order of James McEachern \$132.99.' That is endorsed by yourself and by J. J. Hughes & Company the same as the other?—A. The same as the other, yes sir.

Q. As soon as you received that cheque you turned it also into the Hughes Company?—A. That was placed to my credit also.

Q. You got no cash from Mr. Hughes?—A. I got cash when I wanted it. I had an account there and I placed these cheques to my credit.

Q. You turned those cheques over to Mr. Hughes and you received no money? Mr. MACLEAN (Lunenburg).—He has answered that two or three times. You have no right to question him in that way. This witness is not here to be bully-ragged by any member of this committee.

Mr. CROCKET.—I am not trying to bully-rag him.

Mr. MACLEAN (Lunenburg).—He has answered that these cheques were put to his credit in a running account with Hughes and company.

*By the Chairman:*

Q. At the time you turned the cheques over did you get any money on them or were they simply paid over?—A. I asked them to credit them to me. I had a running account there and whether I got any money I cannot just say.

*By Mr. Maclean (Lunenburg):*

Q. Were you usually a debtor to Hughes & Company or a creditor? Did you usually owe them anything?—A. Yes, sir.

Q. You usually did?—A. Yes, sir.

The CHAIRMAN.—He says he does not remember whether he got any money.

*By Mr. Crocket:*

Q. You had not paid the Hughes' firm for this lumber before you received these cheques?—A. Well I could not tell you. I am in the habit of having a running account there.

Q. Is it not a fact that you did not pay the Hughes' firm any money for this lumber?—A. When I got them cheques—

Q. And when you received these cheques you received no money?—A. I don't know whether I did or not, I could not tell you. I may have received money although I don't remember. I may have asked for \$5, \$20 or \$100.

Q. Are you able to say whether you got any money at all for these cheques?—A. I don't remember.

Q. You do not remember?—A. I remember distinctly ordering the book-keeper to put the money to my credit.

Q. And you may have got from him \$5 or \$30?—A. I may have.

Q. Here is another cheque dated 1st August, 1905 for \$210.86; 'Pay to the order of James McEachern \$210.86.' That is endorsed in the same way by James McEachern and J. J. Hughes & Company?—A. That was in 1905?

Q. In August, 1905, and these cheques just pay the account. You did the same with that cheque?—A. That was for the drier proper.

Q. It is for the accounts that are in the Auditor General's report.

Mr. FINLAYSON.—You have got to take the witness' answer.

*By Mr. Crocket:*

Q. That is down to the 30th of June, 1906?—A. That was for the work of 1905.

Q. You did the same with that cheque as you did with the others?—A. Yes, sir.

Q. Turned it over to the Hughes' firm?—A. Yes, sir.

*By Mr. Finlayson:*

Q. The last cheque is not for goods supplied in 1906?—A. No, sir.

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*By Mr. Crocket:*

Q. It for goods supplied during the year 1905-6—A. For 1905. There is no 1906 about it at all.

The CHAIRMAN.—These three cheques aggregate the amount payable to the witness in the Auditor General's Report for 1906, \$613.85. Whether that is only a coincidence or not I do not know.

*By Mr. Crocket:*

Q. So that is the fact then, Mr. McEachern: you cannot remember paying the Hughes' firm one cent for this lumber, or you cannot remember getting one cent from that firm out of the cheques that were given for it?

*By Mr. Johnson:*

Q. You remember paying for the lumber don't you?—A. I had a running account there. I bought the lumber and the lumber was charged to me.

Q. You what?—A. I bought the lumber and it was charged to me at the time when I got them cheques they were placed to my credit. I had a running account.

*By Mr. Crocket:*

Q. Did you ever receive a bill from the Hughes' firm for this lumber and iron?—A. I don't remember.

Q. You don't remember whether you ever received a bill?—A. No.

Q. A bill of any kind?—Cannot you give us a better answer than that? See if you cannot say whether or not you did receive a bill from the Hughes' firm?—A. I got my yearly account from them, my annual bill. That is about the only bill I can remember of.

Q. Did you receive a yearly account covering this?—A. I must have.

Q. Do you remember receiving it?—A. I think so.

Q. Well where is that account? Were you not subpoenaed to bring your papers?—A. That is a private account. That is my private account.

Q. Eh?—A. That would be my private account.

Q. Your private account?—A. Yes, sir.

Q. Well have you such a private account that you received from the firm?—A. I get a yearly account for groceries and whatever I do buy, it is all the one account.

Q. Have you got an account that you received from the Hughes' firm covering this lumber and iron that was turned in in your name to the Souris fish drier?—I think I have.

Q. Well, you were asked to bring this account with you, were you not?—A. No, sir.

Q. Did you bring any accounts?—A. No, sir; I was not asked to.

Q. Did you buy any other lumber from the Hughes' firm during that period?—A. Which period?

Q. The year 1905-6?—A. I may have; I don't remember.

Q. You may have, but you do not remember?—A. Don't remember distinctly.

Q. Is that the best answer you can make?—A. Yes, sir.

Q. Here is an account that I see on the file in your name: 'The Marine and Fisheries Department to James McEachern. To material used on interior fish drier at Souris, P.E. Island, to June 5th, 1905.' There is spruce plank, sheathing and other material amounting to \$88.35. That account is certified by you and also by Mr. McFarlane?—A. Yes, sir.

Q. So you were turning in this material to the work when you were inspector at that time?

Mr. MACLEAN (Lunenburg).—He was not inspector.

Mr. CROCKET.—He was inspector at that time. This was June 5, 1905.

Mr. MACLEAN (Lunenburg).—He was not inspector then.



*By Mr. Crocket:*

Q. What does that mean (exhibiting account)? that account is certified by yourself and Mr. McFarlane?—A. In 1904-5 I was inspector, foreman——

*By Mr. Maclean (Lunenburg):*

Q. Wait a moment. Were you inspector or foreman?—A. I was foreman.

Mr. MACLEAN (Lunenburg).—Don't say that you were inspector then.

Mr. CROCKET.—The witness is giving evidence.

Mr. MACLEAN (Lunenburg).—I want to keep the witness straight.

The WITNESS.—McFarlane was inspector.

*By Mr. Crocket:*

Q. McFarlane was inspector?—A. Yes, sir.

Q. Was not the work put into the hands of Mr. McFarlane to manage, and were you not the inspector under that arrangement?—A. McFarlane, Peter McFarlane was——

Q. What was this work: 'Inspection of plant, 35 d. at \$3.50'?—A. I was foreman.

Q. You were foreman?—A. And I was subject to the inspection of Peter McFarlane.

Q. And you were getting \$3.50 a day?—A. Yes.

Q. And you certified to that account of your own?—A. Yes.

Q. In June, 1905?—A. Yes, sir.

Q. And does that cover the 35 days for which you were paid \$3.50 a day as inspector?—A. Please repeat that again.

Q. The account is to June 5, 1905?—A. Well, that would be the last, would it not?

Q. For material supplied down to June 5, 1905?—A. That would be the last, I think.

Q. At that time you were receiving \$3.50 as inspector of that work?—A. I was foreman.

Q. You were inspector?—A. No, Peter McFarlane.

*By Mr. Finlayson:*

Q. Who was inspector?—A. Peter McFarlane, New Glasgow.

*By Mr. Crocket:*

Q. Is that not your signature (showing account)?—A. Yes, I certified to the account. Peter McFarlane was——

Mr. MACLEAN (Lunenburg).—Mr. Crocket, just wait a moment. Mr. Crocket has been told a half a dozen times by the witness, and a half a dozen times by myself to the contrary, but he still persists in saying that this man was inspector, when he knows that the man was not.

Mr. BARKER.—He is on the books as inspector.

Mr. MACLEAN (Lunenburg).—That, it has been explained, is an error.

*By Mr. Maclean (Lunenburg):*

Q. Who was the inspector on that work?—A. Peter McFarlane, of New Glasgow.

Q. He is a government employee?—A. Yes.

Q. He inspects annually the government bait freezers and that kind of work?—A. Yes.

Q. Is he the same McFarlane that was at Souris?—A. No.

*By Mr. Crocket:*

Q. Here is a certificate signed by James McEachern and McFarlane—there is no Christian name for McFarlane—certifying to the fairness of your own prices?—A. I had to address the accounts to McFarlane, you understand, in New Glasgow.

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Q. You sent your accounts to Mr. McFarlane?—A. Yes.

Q. Who certifies to them as correct?—A. Yes.

The CHAIRMAN.—That is all right; he had to send his accounts to Mr. McFarlane.

*By Mr. Maclean (Lunenburg):*

Q. It is signed 'Peter McFarlane' at the bottom there?—A. Yes.

*By Mr. Crocket:*

Q. Do you know George McFarlane?—A. Yes.

Q. Do you live in the same town?—A. Yes.

Q. Did you talk to George McFarlane before coming here to Ottawa to give evidence?—A. No, sir.

Q. When did you get word that your attendance would be required here, do you remember?—A. I think it was on the 5th.

Q. The 5th of May, is that right?—A. I forget.

Q. You did not consult Mr. Macfarlane?—A. I saw him.

Q. You saw him?—A. Yes.

Q. Where did you see him?—A. I saw him at his place, close to his own place.

Q. Where do you mean by 'his own place'?—A. At his residence.

Q. Did you go to see him?—A. No, sir, I happened to see him at the door as I was going by.

Q. That was on the 5th or 6th?—A. As near as I can remember it was, I cannot say exactly, he was standing at the door.

Q. He was standing at the door. Did he tell you he had received a notice to attend here also?—A. No, sir.

Q. Did he make any mention of it?—A. No, sir.

Q. You did not discuss the question at all?—A. No, sir.

Q. Did you hear, before leaving Souris, from any source, that McFarlane was ill?—A. I did, his son told me.

Q. His son told you?—A. Yes, he told me his father was sick.

Q. He was not confined to his house when you saw him?—A. He was standing in the doorway when I saw him.

Q. And you spoke to him, did you notice he was ill?—A. I did not take much notice to him.

Q. Did you hear he was under the doctor's care?—A. I did.

Q. He said nothing about his illness or his inability to be present here?—A. I just saw him, I was walking along, and bid him the time of day.

Q. I asked you these questions because I have been informed that McFarlane on the 8th of May was not ill and was going about the same as usual. You do not know anything to the contrary of that?—A. The only thing I know to the contrary is I was told he was under treatment by Dr. Macdonald, Souris, as being ill.

Q. You were talking to McFarlane himself, and he said nothing about illness?—A. I only saw him as he was standing in the doorway and I bid him the time of day as I was coming away, that is all that passed.

*By Mr. Chisholm (Antigonish):*

Q. You did not take his temperature, I suppose?—A. No, sir.

*By Mr. Maclean (Lunenburg):*

Q. Your occupation is that of a builder, or it was that?—A. Yes.

Q. That is your experience, I suppose, has been in the erection of wooden buildings, has it?—A. Both.

Q. Both? Both what?—A. Wood, brick and stone.

Q. You have been engaged in the erection of wood, brick and stone buildings? And, incidentally, you have been engaged in the buying and selling of building material?—A. Yes, sir.

Q. You have been buying and handling lumber for a long period of years, have you?—A. Yes, sir.

Q. What do you say as to those prices: '92½ tons at \$3.00,' that is round timber, was that the correct market price at that time? Is that a fair price?—A. That was a reasonable price and a fair price.

Q. That is a reasonable and fair price. Did you ever buy any timber in your life before?—A. Yes, sir, I have always been in building and construction work, and we have used some of it.

Q. What do you usually pay for it?

The CHAIRMAN.—Do you buy wood by the ton down there?—A. 12-in. timber is worth \$6 to \$7 per ton.

Q. Your ton is a ton weight?

*By Mr. Maclean (Lunenburg):*

Q. What is a ton, Mr. McEachern?—A. 50 feet of round timber.

Q. That is fifty feet in length and one foot through makes a ton of round timber?—A. One foot in diameter.

Q. Was the price \$3 a reasonable price?—A. It was reasonable, yes, sir.

Q. It was a reasonable price?—A. Very reasonable.

Q. Then there is 1,040 feet of boards, at \$20, was that the ordinary market price?—A. 1,040 feet of what?

Q. At \$20 per thousand I suppose?—A. What is the material? Is it sheeting?

Q. Yes, sheeting, that is what it is.—A. That would be a reasonable price for sheeting.

Q. That is reasonable?—A. Yes, sir.

Q. Was it a reasonable price during those years?—A. Yes, sir.

Q. And it was the market price?—A. The market price.

Q. Spruce shingles, 25,000 at \$1.50, is that a fair price?—A. A fair price.

Q. Spruce boards at \$12 per thousand; that ought to have been a fair price at that time?—A. Yes, sir.

Q. That would seem cheap, wouldn't it? As cheap as anything else?—A. Yes.

Q. And do you know what they paid for the other articles purchased, do you say the prices were reasonable?—A. The prices were fair and reasonable.

Q. I suppose you made a little profit on it—you don't recollect what it was?—A. No, I do not recollect.

Q. Mr. Crockett was surprised that your memory was so fresh as to the selling price, and that you were dull as to the purchasing price. Did you look over these accounts here since you came to Ottawa?—A. The accounts?

Q. Yes, did you look at these papers (indicating file), these accounts rendered by you to the government, since you came to Ottawa, there is a plain simple question?—A. No, sir.

Q. I think I saw you looking at them myself. Do you mean to tell me you didn't have in your hands the bill rendered to the government?—A. Oh, yes.

Q. Why didn't you say so? Then would not looking at it refresh your memory as to the price you sold to the government?—A. Yes.

Q. Did you ever buy any of these goods personally from Mr. Hughes, the member?—A. No, sir.

Q. You never did. So far as you know he never had any personal knowledge of your having bought any?—A. He didn't know anything about it.

Q. Who did you deal with?—A. With the firm.

Q. With any particular member of the firm?—A. No, it was generally with the salesman.

Q. Who is the leading man in the firm when Mr. Hughes is away?—A. Mr. Brennan.

Q. You kept a running account with the Hughes store, did you?—A. Yes, sir.



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Q. Now, when you received these cheques from the government, you say you asked them to place it to your credit in the account?—A. Yes, sir.

Q. At the same time you meant that, so far as it was necessary, it was to be an application on payment in part of the lumber bought and for which you received payment from the government?—A. Yes, sir.

Q. That would be in your mind, although it was just put in as an order, that you were simply to be credited with the whole amount and your account would be rendered to you at the end of the year?—A. Yes.

Q. Now, with regard to that round timber, did you ask the Hughes Company to purchase that for you or did they have it in hand?—A. They had it in hand.

Q. You think they had it on hand at the time you wanted it? You said to Mr. Crocket you did not know.—A. I know they had round timber on hand.

Q. At the time you bought it they had these 90 ton of round timber on hand—  
Mr. BARKER.—He has not said that yet.

*By Mr. Maclean (Lunenburg):*

Q. When you bought that 90 tons of round timber, did Hughes Company have it on hand?—A. I do not know whether they had the whole of it, they had some.

Q. You asked them to get the rest?—A. We got the quantity I wanted, but whether they had it on hand at the time I could not be sure.

Q. Let us understand it now; in 1904-5 you were foreman of construction of the Souris fish drier?—A. Yes, sir.

Q. And you received a daily wage?—A. Yes, sir.

Q. The inspector was Mr. ——— who?—A. Mr. McFarlane.

Q. What McFarlane was that?—A. Peter McFarlane.

Q. An official of the Department of Marine and Fisheries?—A. Yes, sir.

Q. Who is constantly engaged in the inspection of such work?—A. Yes.

Q. You were under him?—A. Yes, sir.

Q. The building was designed and constructed according to his instructions and under his inspection?—A. According to his inspection.

Q. The workmanship was under you as foreman, that was all?—A. Yes, sir.

Q. You were never inspector, were you?—A. No, sir.

Q. That is on the drier—if the Auditor General's Report says you were it is an error?—A. Certainly.

The CHAIRMAN.—How does the account read?

Mr. BARKER.—He certifies to the quality and everything else.

The CHAIRMAN.—No, the account for inspection, what does the account itself say?

*By Mr. Maclean (Lunenburg):*

Q. Why did you certify to this bill of \$88? You furnished that to the department?—A. \$88? What date is it?

Q. 5th June, 1905?—A. Yes, sir.

Q. Why did you certify to it? You were sending it yourself to the department?—A. Well I certified to the accounts when I addressed them to McFarlane.

Q. You certified to the other accounts and I suppose you thought it was a proper thing to do with your own?—A. Yes, sir.

Q. The prices which you charged in that account were fair prices at that time?—  
A. Yes, sir.

Q. Did you make any profit when you sold to the government at that time?—A. I sold it at the customary price.

Q. You sold it at the current market price?—A. The current price.

Q. When you received those cheques instead of going down to the bank and getting the money you simply endorsed them over to Hughes & Company?—A. Yes, sir.

Q. For which you received credit?—A. Yes, sir.

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*By Mr. Bennett:*

Q. Who was inspector in 1905?—A. McFarlane, Peter McFarlane.

Q. Here is an account of a man named Peter McPhee. He worked there as a carpenter did he?—A. Yes, sir.

Q. Here is an account of John McNeil. He worked as a carpenter?—A. Yes, sir.

Q. Here is an account of Warren W. Clarke. He worked there as a bricklayer?—A. Yes, sir.

Q. Here is an account of your own. 'To James McEachern for material.' Now in whose handwriting are the different accounts that I have mentioned to you? At the bottom is to be found 'I hereby certify that the above labour has been performed and wages right.' In whose handwriting is that?—A. In my own.

Q. There is no doubt about that?—A. No, sir.

Q. This is your signature?—A. Mine and McFarlane's. I addressed them to Peter McFarlane, New Glasgow, and certified and signed my name to them.

Q. In whose handwriting is the body of the other bills that I have mentioned to you, the carpenters and the bricklayers?—A. That would be—I just certified to the accounts.

Q. Take the account of James McEachern, whose handwriting is that in?—A. What is the date of it?

Q. You certified to it on the 5th of June. Whose handwriting is that in? Who wrote out your account?—A. I may have got McEachern or I may have got Brennan.

Q. Surely you know whose handwriting it is?—A. I got the accounts wrote in two or three cases when I was busy; I would get somebody to help me.

Q. It is not in your handwriting?—A. No.

Q. Tell me whose handwriting it is?—A. I think it is McEachern's.

Q. What McEachern?—A. George McEachern. It is either McEachern's or Brennan's.

Q. Who is McEachern?—A. Some of them were made out by McCormick, Angus McCormick.

Q. Who is he?—A. He used to be book-keeper for me.

Q. Who is the other man you mentioned just now? Who is McEachern?—A. He is a man who used to live in Souris.

Q. What was his business?—A. He was a custom house officer.

Q. Looking at your bill in whose handwriting would you say it was?—A. Do you know I could not say exactly whether it is McEachern's or Brennan's. As near as I can say it is McEachern's handwriting. In any case I was in the habit of getting fellows to help me make the accounts out.

*By Mr. Maclean (Lunenburg):*

Q. Are you a good penman yourself?—A. There is my writing there.

*By Mr. Bennett:*

Q. On your own bill for \$88.36 for material supplied, which is dated June 5th, you placed at the bottom this certificate, 'I hereby certify that the above lumber has been received and prices right. James McEachern.' Now at that time were you inspector or were you simply foreman carpenter?—A. I was foreman of the work.

Q. Who was the inspector of the work at that time?—A. McFarlane.

Q. What is McFarlane's christian name?—A. Peter.

Q. When you gave that certificate 'I hereby certify that the above lumber mentioned has been received and prices right, Souris, P.E.I., June 5, 1905,' when you signed that was the stamped certificate on it?—A. No, sir.

Q. No?—A. No, sir.

Q. Then the stamped certificate reading: 'I hereby certify that the prices charged are fair and just and that the work——'?—A. 'And that the work has been performed.' That is McFarlane's.

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Q. That certificate was put on afterwards by Mr. Peter McFarlane?—A. Yes, sir.

Q. And signed by him?—A. Yes, sir.

Q. How long after your first certificate was that put on?—A. When I would be through with the accounts I would mail them all in one envelope to McFarlane.

Q. And where was McFarlane?—A. In Truro—New Glasgow I mean.

Q. That will explain why that certificate is signed by him and you too?—A. Yes, sir.

Q. You say that McFarlane was inspector for the work over you?—A. Yes, sir.

Q. Was he there from day to day while you were there?—A. No, sir, he would visit us occasionally.

Q. Would you be employed there from 7 o'clock in the morning until 6 o'clock in the evening as a carpenter working with your hands, or were you simply an inspector going backwards and forwards to view the work?—A. I was both. I was working and looking after it, getting material and looking after the business in general.

Q. Was your whole time spent on it?—A. About it?

Q. On the work?—A. Yes, sir.

Q. You would be working with your hands, so to speak, and at other times going to get the necessary materials?—A. Yes, sir.

Q. Who kept the time of the men?—A. I did.

*By Mr. Barker:*

Q. Who made the bargain on the part of the government as to the purchases from you?—A. Sir?

Q. Who made the bargain on the part of the government as to the purchases from you of material?—A. Who made the bargain?

Q. Yes?—A. I don't understand you.

Q. Who bought from you the material you sold to the government?—A. Who bought from me?

Q. Yes.

Mr. MACLEAN (Lunenburg).—Who was acting on behalf of the government?

*By Mr. Barker:*

Q. He understands well enough. He is not so green as he looks. Who acted for the government in supplying the material, you could not be on both sides could you?—A. I acted myself I suppose.

Q. You did?—A. Yes.

Q. And you certified that your accounts were correct?—A. Yes, sir.

Q. It is a fact is it not, that no person acted for the government except yourself?—A. Yes.

Q. And you yourself sold these materials to the government?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. Before you answer questions for gracious sake think a bit. Do you mean to say that you were acting for the Dominion Government when you sold to them the 92½ tons of round timber?—A. That was a different thing altogether.

Q. Who was acting on behalf of the government in that case?—A. It was McFarlane.

Q. He was the man?—A. He was the man. That was in 1906, a different transaction.

*By Mr. Barker:*

Q. Was Peter McFarlane there buying those logs?

Mr. MACLEAN (Lunenburg).—That is another McFarlane.

A. That is a different McFarlane altogether.

*By Mr. Barker:*

Q. What McFarlane was it?—A. George McFarlane.

Q. What is he?—A. He is manager—



Q. Manager of what?—A. Of the business, the fish business.

Q. What had he to do with putting up the works?—A. Nothing.

Q. Nothing?—A. Nothing in 1904-5.

Q. George McFarlane had nothing to do with it?—A. He had in 1906.

Q. Who made this bargain for the logs? With whom was it made?—A. That was in 1906, McFarlane had it in 1906.

Q. With whom did he make that bargain?—A. With McFarlane.

Q. With whom did George McFarlane make the bargain?—A. With the engineer, there was an engineer there.

Q. Who was the engineer?—A. He was a man from Halifax. I think his name is—

Q. Did George McFarlane make the purchase and from whom?—A. Of what?

Q. Of these logs?—A. From me, I sold him the stuff.

Q. What did you agree to deliver?—A. Timber and materials.

Q. These particular logs—you are only speaking of logs now, recollect, did you agree to deliver these particular logs?—A. I agreed to supply him with that material.

Q. You agreed with George McFarlane to deliver these logs, you swear to that?—A. I agreed to supply him with the lumber.

Q. You particularly mentioned logs, which is different from the rest. Do you swear you agreed with George McFarlane to deliver those logs at the work?—A. I bought what material there was there, delivered.

Q. I want an answer to the question; I did not ask you what you bought. When I started to question you, you made a difference with respect to the logs. Did George McFarlane agree with you, and did you agree with him, that he would deliver these logs at the work?—A. Yes, sir.

Q. You did, when and where were you?—A. It was in the spring of 1906.

Q. In the spring of 1906, and you swear—mind you, I want you to clearly understand the question—that you agreed individually with George McFarlane, on behalf of the government, to deliver these logs?—A. Yes, sir.

Q. At what price?—A. The price that is in the account there, I told you.

Q. Can you tell me what they were?—A. It was \$3 for round timber and \$1.50 for shingles.

Q. The round timber is all that we are speaking about?—A. Round timber only—that is \$3.

Q. That is what you say, you agreed with George McFarlane to deliver round timber at the work; you have sworn to that?—A. Yes, sir.

Q. And at the price mentioned there in the books?—A. Yes, sir.

Q. Is that so? Did he settle the price with you?—A. I told him that I would supply that much for him, and I did so.

Q. Did you say the price?—A. Yes, I told him that would be the price.

Q. You did mention that would be the price?—A. I did.

Q. How did you know that was the price?—A. Because I was acquainted with the price.

Q. Where were you at the time—had you bought them?—A. I knew the price of lumber and the price of logs.

Q. Yes?—A. I knew the price of timber generally, so I had an idea.

Q. And you say you were out of the business, you have told us that already?—A. I could remember the prices.

Q. Where did you buy them?—A. Where did I buy them?

Q. Yes?—A. I have told already where I bought them.

Q. Tell me now?—A. From the Hughes Company.

Q. You bought them from the Hughes Company?—A. Yes.

Q. Did the Hughes Company deliver them at the work?—A. I bought them delivered there.

Q. Did the Hughes Company deliver them at the work?—A. Yes, sir.

Q. You swear to that?—A. I bought them delivered there.

Q. Did the Hughes Company deliver them at the works?—A. Yes, sir.

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Q. You swear to that?—A. Yes, sir.

Q. Distinctly?—A. Yes.

Q. You swear that?—A. I bought them delivered there.

Q. I don't care where you bought them. I am not asking you whether these were bought delivered there—what I am told is that it is not true, I can tell you that. Did the Hughes Company deliver these logs at the work?—A. I considered they did; I bought them delivered.

Q. Did they, as a fact, deliver them at the work?—A. Yes, they did, as far as I know.

*By Mr. Maclean (Lunenburg):*

Q. Did you get delivery at the work?—A. Yes, I got them at the work.

*By Mr. Barker:*

Q. Who actually brought the timber to the work?—A. It would be the Hughes' man and team.

Q. Do you swear to that? Do you know that?—A. As far as I know, they did.

Q. I ask you, do you know it? Can you say that—you were there on the work—and can you say that Hughes' men delivered those logs?—A. As far as I know, they did.

Q. Do you know whether they did or not?—A. I think they did.

Q. You think they did?—A. Yes.

Q. Who is Mr. Mooney?—A. Mooney?

Q. Do you know Mooney?—A. I do not know him in this transaction at all.

Q. Do you know Mooney?—A. There are several Mooneys down there.

Q. Do you know a Mooney there who deals in timber?—A. There are several Mooneys down there doing that.

Q. Do you know Mooney, of Green Vale?—A. Yes, sir.

Q. Did they deliver that timber there or any part of it?—A. I do not know anything about that.

Q. You swear that you do not know that they delivered it?—A. I don't know anything about that.

Q. Were you not on the work at that time?—A. No, sir.

Q. Were you not present when the logs were delivered?—A. I was inspector on the post office at that time.

Q. I am not asking you what you were doing; were you on that work at the time these logs were delivered?—A. I don't remember.

Q. In any capacity whatever?—A. I may have walked up and down there; I surveyed the timber which was delivered there by Hughes & Company.

Q. You were not there when it was delivered?—A. I do not remember; I do not think it.

*By Mr. Maclean (Lunenburg):*

Q. You surveyed it after it was delivered?—A. I surveyed it after it was delivered.

*By Mr. Barker:*

Q. Is the Hughes Brothers' business in the town where the drier was erected?—  
A. In the town?

Q. Yes, in the same place?—A. Yes.

Q. That is where they carry on their business?—A. Yes, sir.

Q. How far from the building you were putting up was their place of business?—  
A. It wouldn't be very far.

Q. How far is it; is it a half a mile or a mile?—A. It would not be more than a quarter of a mile.

Q. A quarter of a mile. Now, when George McFarlane wanted to buy this timber, did you tell him that Hughes had it?—A. Did I tell him?

Q. Yes?—A. I don't remember. I told him I could supply him.

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Q. You told him you could supply him but you did not know whether Hughes had it at the time, you said they had some.—A. I knew they had the timber, but I could not swear they had the whole amount; they might be a ton or so short, more or less.

Q. Did you tell him—on your oath now—that Monney's at Green Vale had been delivering the timber directly at the work to your knowledge?—A. I did not know.

Q. You didn't know?

Mr. MACLEAN (Lunenburg).—What has that to do with this committee?

Mr. BARKER.—I want to know just why this gentleman, in this position, was selling material to the government.

*By Mr. Barker:*

Q. Didn't George McFarlane know you were out of business?—A. George McFarlane knew that I built the drier.

Q. Didn't he know that you were out of the lumber business? What do you say about that?—A. I do not know, I could not tell you what he knew, he would be the best judge of that himself.

Q. You do not know whether he was aware that you were out of business or not? Are you aware he knew you were out of business, that you had been sold out?—A. He would likely know.

Q. What about the other McFarlane, would he know it too?—A. I could not tell you.

Q. With respect to George McFarlane, the man on the spot, what was his position at that time, when you sold him the timber?—A. He was the manager of the fish business.

Q. Was he entrusted with the erection of the addition to the building?—A. Yes.

Q. He was responsible?—A. Yes.

Q. And did he know you were an employee of the government?—A. He did.

Q. At that time?—A. Yes.

Q. On the post office?—A. Yes.

Q. And, at that time when he made this bargain with you, did he?—A. Yes.

Q. When he made the bargain for you to sell the timber did you tell him that the Hughes Company got the stuff, or did he know it?—A. I do not remember anything about that.

Q. Does he live in the town?—A. He does.

Q. He lives in the town himself. Was there any reasons why he could not go to Hughes Bros. and buy the timber?—A. He wouldn't know anything about it.

Q. Why?—A. Because he does not know anything about the lumber business.

Q. Who wouldn't?—A. McFarlane.

Q. Was he ever a partner of Mr. Hughes?—A. I could not tell you.

Q. You do not know that even—don't you know he was in that firm?—A. His name was in it.

Q. And he would not know that they dealt in timber and lumber?—A. I do not know, he would be the best judge himself.

*By Mr. Bennett:*

Q. What work did this material, that forms part of your bill, go into?—A. This addition that was built in 1906.

Q. Is this Hughes Company a joint stock company, or what is it? You spoke of it as the Hughes Company?—A. I could not tell you, sir.

Q. Do you know who comprise the firm?—A. No, sir.

Q. Are there two Mr. Hughes—Mr. Hughes the member or a brother or son? Has he a brother in the business?—A. Not that I know of.

Q. Has he a brother living there?—A. Not that I know of.

Q. Has he a son in the business?—A. I could not tell you. He has got a son, I don't know whether he is in the business or not.



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Q. Is he occupied about the store?—A. I see him about the store sometimes.

Q. How is his business advertised?—A. Hughes & Company.

*By Mr. Crocket :*

Q. Just one question. Who was the inspector on the new building that was erected in 1906?—A. In 1906? There was a foreman on it by the name of Ellworth. I don't know who the inspector was.

Q. You don't know who the inspector was?—A. It may likely have been Peter McFarlane but I am not sure. It was likely the same man.

*By Mr. Maclean (Lunenburg):*

Q. The cost of round timber would not be affected by the distance of Mr. Hughes' shop from the drier, would it?—A. The cost of it?

Q. Yes. That is the price of this round timber would not be changed by the question as to whether Mr. Hughes' store was one-half or three-quarters of a mile from the drier?—A. No, I don't know about that.

Q. Do you think it would?—A. I don't know I am sure. I bought the stuff delivered.

Q. Would this round timber have cost more if Mr. Hughes' store were three-quarters of a mile distant from the drier than it would if the distance were only half a mile, or would that point make any difference?—A. I don't see that it would make any difference at all.

Q. George McFarlane knows nothing about timber?—A. No, sir.

Q. And I suppose he asked you to get it?—A. Yes, because I built the drier.

Q. You were in the business, you knew something about the drier and he assumed that you could buy the right material whereas he could not?—A. Yes.

*By Mr. Bennett:*

Q. Did you ever buy any lumber from these Mooney's when you were in business on your own account?—No answer.

Q. You would know whether you did or not?—A. I don't remember. I may have bought scantling from them. I don't remember, it is years ago.

Q. When you were looking about to make this purchase for the department why did you not go to them direct?—A. To them fellows?

Q. Why did you not go to the Mooney's direct or to some one else?—A. I don't know.

Q. Does the Hughes Company occupy a regular lumber yard where they have a large quantity of lumber or logs piled?—A. They keep a general run of lumber.

Q. Have they got a regular lumber yard, occupying an acre or two acres, where they have lumber or logs piled up?—A. It is not very large. It is just a common lumber business.

Q. That is not the question. The question is have they got a lumber yard, a place where there is timber or lumber piled up where you can go with your team and buy lumber and take it away?—A. No, sir. He has only just got a small place.

Q. You still come back to the small place. Have they got a lot where they pile up lumber?—A. They have a building and lot they pile a quantity of lumber, but not a large quantity, not equal to what is down here on the Ottawa river.

Q. I can quite believe that. What is the extent of this lot or lumber yard of theirs?—A. It is a building, a long building with lumber and shingles and different material in it and yard room around the building.

*By Mr. Maclean (Lunenburg):*

Q. Did you ever buy any lumber from a man named McLean down in Souris when you were buying the last part of it?—A. John McLean?

Q. Of Matthew & McLean?—A. I did.

Q. He was the Conservative candidate at the last election, was he not?—A. Yes, sir, I believe he was.

Q. Is he going to be the next one?—A. Could not tell you, he may not.

Q. Did you ever hear tell of him writing letters to members of this committee in Ottawa?—No answer.

*By Mr. Bennett:*

Q. Was the account which you got from the Hughes Company rendered at the end of the year or at the end of every quarter or every six months?—A. At the end of the year.

Q. And in that account, which you have not got here to-day, were the details set out?—A. Yes, sir.

Q. Item by item?—A. Yes, sir.

Q. You are positive of that?—A. I am.

Q. And if you are brought back to produce that bill, the charges will be found set forth item by item, so much for shingles and so much for hardware?—A. Yes, sir.

Q. And it is not a lump sum?—A. No, sir.

Q. When were you looking at that bill last?—A. When I received it at the end of the year; some time ago at the end of the year, I don't remember the date exactly.

Q. Did you have a look over it prior to coming up for this inquiry?—A. No, sir, I did not.

Q. How long ago was it you got that account?—A. I think it was some time about Christmas or New Year's.

Q. Of 1907 or 1906?—A. 1907.

Q. At the end of 1907?—A. Yes, I think so.

Q. And you have a perfect recollection that if you were required to bring that bill here it will show item by item what was paid for lumber and hardware, it is not for a lump sum?—A. I remember of reading all these items in my account.

Q. One by one?—A. One by one.

Q. I suppose you do not mind telling us what profit you made on the deal? Did you make a profit at all or did you turn the material over at what you bought it for from the Hughes Company?—A. I don't remember what profit I made exactly.

Q. Did you make any profit from this sale or did you turn the material into the department at the amount of the bill of the Hughes Company?—A. I don't remember exactly, I cannot tell you exactly what profit I made.

Q. Did you discuss it with anybody whether you were to have a lump sum profit or a percentage on the amount of the bill?—A. I don't remember.

Q. You would remember that, would you not?—A. I don't remember anything about profits.

Witness discharged.

Committee adjourned.

HOUSE OF COMMONS,

Committee Room No. 32,

OTTAWA, FRIDAY, May 29, 1908.

The committee met at eleven o'clock a.m., Mr. Duncan Finlayson presiding, and proceeded to the further consideration of a payment of \$19,711.90, as set out at P-196, 1906, and the payment of \$14,497.36, as set out at P-170, 1907, in connection with the Souris Fish Drier.

## APPENDIX No. 1

Mr. J. William BRENNAN, called, sworn and examined.

*By Mr. Crocket:*

Q. What is your occupation?—A. Accountant, sir.

Q. With whom are you employed?—A. The J. J. Hughes company.

Q. How long have you been employed by that firm?—A. Eight years, I think, seven or eight years.

Q. You have been employed by them for the past seven or eight years?—A. Yes.

Q. Are you the head accountant of the firm?—A. Yes.

Q. You were asked to bring some books of account with you—

Mr. MACLEAN (Lunenburg).—Where is the subpœna?

(Subpœna produced by witness.)

The CHAIRMAN.—This subpœna reads, 'That you bring with you and then and there produce all books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co., to James McEachern for Souris Fish Drier.'

*By Mr. Crocket:*

Q. You received that subpœna?—A. Yes, sir.

Q. When?—A. I just forgot the date now—the day that I left the Island, the 26th, I think, I received this subpœna.

Q. On the 26th of May?—A. Yes.

*By Mr. Maclean (Lunenburg):*

Q. Have you any books of account—I mean books of account that you have control of yourself, that are your books, that have any memorandum in them relating to the supply of goods by J. J. Hughes & Co., to James McEachern?—A. I have no books of my own.

Q. You have no books of your own?—A. No.

Mr. BARKER.—If that is the point we will probably have to adjourn and subpœna Mr. Hughes himself.

*By Mr. Crocket:*

Q. You, as chief accountant of that business, have the custody of those books, haven't you?—A. Yes, to some extent.

Q. You have the custody of those books; have you brought those books as directed by that subpœna?

Mr. MACLEAN (Lunenburg).—I do not think that the witness—

Mr. CROCKET.—I am entitled to an answer.

Mr. MACLEAN (Lunenburg).—If the books were right here on this desk I should, on principle, object to the production, I do not care whether they are here in Ottawa, or not, as one member of this committee I do not propose to allow hon. gentlemen, such as my friend here unnecessarily to consume the time of the committee in an examination for an object in connection with which this committee is without jurisdiction, absolutely without jurisdiction.

Mr. BARKER.—We have got over that by the action of the committee in ordering this man to be subpœnaed and to produce those books.

Mr. MACLEAN (Lunenburg).—That has nothing to do with this particular matter.

Mr. BARKER.—To produce those books for the purpose of the present question.

*By Mr. Crocket:*

Q. Have you brought those books as directed by the subpœna?

Mr. MACLEAN (Lunenburg).—He has no books.

Mr. CROCKET.—Let the witness answer.

*By Mr. Crocket:*

Q. Have you brought those books to Ottawa?—A. I have a ledger in Ottawa.



Q. You brought a ledger, anything else?—A. That is all, sir.

Q. Whose ledger is that?—A. The ledger of J. J. Hughes & Co.

Q. Where is that ledger?—Have you that ledger with you in the room?—A. It is not in the room here.

Q. Why did you not bring it here?—Does not the subpoena direct you to bring it here and produce it before the committee?—No answer.

Q. Why didn't you bring it to the room, if you brought it to Ottawa?

Mr. MACLEAN (Lunenburg).—I object. Mr. Crocket has properly no right to ask the witness such questions, he has no right to embarrass him by it.

*By the Chairman:*

Q. Is there any entry in those books showing that there were any dealings with the Souris Fish Drier that is with the Souris Fish Drier, as a fish drier?—A. There is no separate entry, no sir.

*By Mr. Crocket:*

Q. Is there any entry in the books showing that there were dealings with James McEachern for lumber and iron furnished for the Souris Fish Drier?

The CHAIRMAN.—James McEachern and the Fish Drier are two different concerns, I would certainly rule any question along this line out of order.

Mr. CROCKET.—I do not see, Mr. Chairman, how you can rule upon this question until the books are produced before the committee.

The CHAIRMAN.—If he says there is no entry—

Mr. BARKER.—It might be, I do not say that it is, that he might not be telling the truth, and that is the purpose of asking for the production of the books.

The CHAIRMAN.—How can you compel him to produce this book if you have subpoenaed him to produce 'all books of accounts in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co. to James McEachern for Souris Fish Drier'?

Mr. BARKER.—He has had sufficient charge of the book to bring it to this city.

The CHAIRMAN.—That is true.

Mr. BARKER.—Now, he says he has not brought it to the room where it is wanted, and he is asked the question, 'is there a certain entry there,' that is what I want to ask him about.

The CHAIRMAN.—He says there is not.

Mr. BARKER.—We have the right to see whether there is or not.

Mr. MACLEAN (Lunenburg).—In the first place this committee had no authority to direct a subpoena to be issued to Mr. Brennan asking him to bring here the books of account of the J. J. Hughes Company.

The CHAIRMAN.—I absolutely agree with that.

Mr. MACLEAN (Lunenburg).—Are the books of a gentleman in business to be opened before this committee and given to these gentlemen to look at? What right have they to see the books of J. J. Hughes & Co.? There is no suggestion of any transaction between that firm and the government, and this examination relates to one item alone. As I said before if my friends on the other side who are promoting this enquiry were fair and frank about things I would not object, and I would even go so far as to say that Mr. Hughes will let these gentlemen see his books, himself, after this enquiry is over, if it will do them any good, but I object on principle.

Mr. BARKER.—What is the purpose of the objection, then, if you will let them see the books afterwards?

Mr. MACLEAN (Lunenburg).—Just to keep your friends right.

The CHAIRMAN.—I think it would be a bad precedent to establish, and I would not like to establish it.

*By Mr. Crocket:*

Q. Now, that subpoena directed you to bring any books of account containing any entry or memoranda in relation to the supply of goods to James McEachern for

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the Souris Fish Drier, that was the direction, was it not? You were not called upon to bring any books that contained no such entries?—A. Yes, that is the way it reads.

Q. Well then, why did you bring that book in obedience to that subpoena if it didn't contain anything that was called for?

Mr. MACLEAN (Lunenburg).—Because Mr. Hughes permitted him to do so.

Mr. BARKER.—Is that so?

*By Mr. Crocket:*

Q. What is the entry it contains?—A. It contains James McEachern's account with us, that is the only book I could bring in connection with McEachern.

Q. Having brought that book to Ottawa I want to know why you did not bring it to this room? Were you directed not to bring it here?

Mr. MACLEAN (Lunenburg).—You need not answer that question.

Mr. BARKER.—I object to Mr. Maclean instructing the witness not to answer, the Chairman must rule on that.

Mr. CROCKET.—You are trying to run the committee, Mr. Maclean.

Mr. MACLEAN (Lunenburg).—No, I am not, but I think the majority of this committee has been more than lenient with hon. gentlemen on the other side, and still towards the minority, either from the press which supports them or from the gentlemen themselves who have sat on the floor of parliament. The point is that Mr. Crocket must first satisfy this committee that the evidence of Mr. Brennan in this regard has some relation to the enquiry which the committee has in hand. He has no right to go on asking the witness why he did not bring his book. I suppose Mr. Hughes has got that book and it is in proper hands. I take the responsibility now of advising Mr. Hughes not to let it come before the committee. I think, however, Mr. Hughes should show it to these gentlemen to satisfy their curiosity some day.

Mr. CROCKET.—My learned friend has surely lost sight of the evidence which was given by Mr. McEachern the other day, when he swore that he purchased these goods that were supplied to the fish drier from the firm of J. J. Hughes & Company. If he did so, the books of that company must necessarily contain those items.

Mr. JOHNSTON.—No.

Mr. CROCKET.—Is it possible that a man can buy goods from a firm of that kind and no entry be contained in the books? If there is no entry in the books, then the evidence of Mr. McEachern is untrue; but this committee is surely not going to assume that.

The CHAIRMAN.—These goods were not necessarily sold for the fish drier.

Mr. CROCKET.—Certainly.

The CHAIRMAN.—No. I can understand how J. J. Hughes & Company might have sold these goods to McEachern without knowing the object of the purchase.

Mr. CROCKET.—You misunderstand me. I do not say that the entry on its face would show that. There must, however, be entries in the books for the goods that were bought. Now, have I not a right to ask for the production of the account, and say to the witness: 'Here are the entries showing what goods were supplied'?

Mr. MACPHERSON.—Not from Hughes.

Mr. CROCKET.—By Mr. McEachern. Cannot I take those items that we were told were bought by McEachern from the Hughes Company, and discover what he paid for them?

Mr. MACPHERSON.—Certainly not. This is a new proposition in business. If I sell goods to a man who is using them for the government or anybody else, nobody has a right to know what I charge for those goods. I say it is absolutely preposterous.

The CHAIRMAN.—I think McEachern told you what he paid for them.

Mr. MACPHERSON.—My honourable friend has laid down something which is not at all fair, and not at all compatible with business principles.

Mr. NORTHROP.—It seems to me we are discussing the wrong point. There are two separate and distinct points. The witness has been subpoenaed to produce certain

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books. What is to be done with the books when they are produced is another question. The witness has brought a certain book to Ottawa, and it seems to me that the committee should now order the production of that book in this room. The investigation that shall then follow is another thing.

The CHAIRMAN.—I think, Mr. Northrup, that would be right if there was a special entry referring to these particular goods that were sold for the Souris Fish Drier, but the witness says that there are none.

Mr. MACPHERSON.—Even if there were special items in Mr. Hughes' books concerning the selling to McEachern of goods that went into this fish drier, I do not see why this committee should have anything whatever to do with those books. The committee has to deal with McEachern and his books; but this committee has nothing to do in any way, shape or form with the man who supplied McEachern. It is not a fair thing for the committee to do, and it has no right to do it. There is no item in the Public Accounts referring to goods supplied by Mr. Hughes.

Several honourable MEMBERS.—No.

Mr. MACPHERSON.—Then why ask what Mr. McEachern paid for the goods to Mr. Hughes, or to Mr. Smith, or to anybody else? I, as a seller, would refuse to give the prices that I sold the goods at, and this committee has no right to ask for them.

Mr. NORTHRUP.—If a government employee turned over goods to the government at exactly the same price he bought them for, nobody would believe he was buying the goods on his own account.

The CHAIRMAN.—That may be true, Mr. Northrup—

Mr. MACPHERSON.—Supposing I am a commission man and buy and sell goods on commission. If I am putting up a building and buy goods from a man and turn them over to the government at the same price, do you suggest that the other man is the man who is selling to the government?

Mr. NORTHRUP.—It depends altogether upon circumstances. If you were a government employee it would be one thing, and if you were a commission man it would be another thing.

Mr. MACPHERSON.—Can you call a man a government employee who is constructing a building for the government and being paid by them for it?

Mr. NORTHRUP.—If he is paid by the government he is a government employee.

Mr. MACPHERSON.—He is doing lots of other things besides that. This is the point I want to make before the committee. Mr. Hughes had no dealings whatever with the government, and has no right whatever to be brought before this committee.

The CHAIRMAN.—I understand what you are driving at, Mr. Northrup; but if we went into that, we would be undertaking the duties of another committee.

Mr. BARKER.—Honourable gentlemen need not go into hysterics. The question is very simple. A foreman, acting for the government in building a drier, furnishes certain material. That necessarily enables this committee to thoroughly investigate all about the matter. This man tells us that he bought the goods from Hughes & Company. The committee ordered the Hughes Company's books to be brought here.

The CHAIRMAN.—No.

Mr. BARKER.—I beg your pardon. This witness was ordered to bring those books. Now I want to know from this witness by whose authority—

The CHAIRMAN.—The order may be defective in that respect. I would not like to say, but that might have been the intention of the committee.

Mr. BARKER.—It was asked that the book's containing McEachern's account with Hughes & Company should be brought here and this witness' name was given as the man to produce them. (To the witness): By whose authority did you bring that ledger here?

The WITNESS.—Mr. Hughes was satisfied that I bring the ledger.

Q. Which Mr. Hughes?—A. Mr. J. J. Hughes.

Q. He was satisfied that you should bring the ledger. Where did you see him?—A. I saw him at Souris.

Q. He was there?—A. Yes.



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Q. And he told you to bring the ledger. What about the other books that were ordered?—A. I had no other books to bring.

Q. Eh?—A. I had no other books to bring in connection with James McEachern.

Q. Read the other books that are mentioned in your subpoena?—A. (Reads): 'All books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Company to James McEachern for Souris Fish Drier.'

Q. Is there no other books, excepting the ledger, in which there is any entry relating to that matter?—A. The ledger contains the James McEachern account.

Q. Did you hear what I said, sir? Are there any other books in the establishment that contain entries relating to that transaction?—A. The—

Q. Answer the question? Are there any other books than that which you have produced which contain an entry relating to that transaction?—A. The only other books are the original entries, the charge entries, and, of course, the ledger is a copy.

*By Mr. Johnston:*

Q. Have you the original entry of goods sold by Hughes & Co. to McEachern for the Souris Fish Drier? That is the question that you have to answer?—A. No, I have not.

Mr. BARKER.—If you will allow me to ask my question, and not undertake to tell him what he is to answer it would be better.

*By Mr. Barker:*

Q. I repeat the question, is there any book in the establishment of Hughes & Company which contains an entry relating to the McEachern transaction?

Mr. JOHNSON.—With the Souris Fish Drier?

Mr. BARKER.—I do not care what it is connected with.

Mr. JOHNSTON.—He has the order of reference before him there, he has no right, and this committee will not ask him, to go beyond it.

Mr. BARKER.—Answer the question, please.

A. What is the question again, sir?

*By Mr. Barker:*

Q. This is the fourth time. Is there any other book in the Hughes Company establishment which contains an entry relating to McEachern's transactions with the Hughes Company?

Mr. JOHNSON.—For the Souris Fish Drier?

Mr. BARKER.—Will you permit him to answer the question?

*By Mr. Barker:*

Q. Will you just answer that question, Mr. Brennan?—A. The ledger which I have contains McEachern's account with the firm.

Q. That contains the whole account?—A. The whole account.

Q. Were there any books containing original entries from which the ledger entries were taken?—A. There are.

Q. Did you ask if you would bring those?—A. It would be—

Q. Answer my question. Did you ask Mr. J. J. Hughes, or any member of the firm, if you would bring those other books?—A. I did not consider those other books were necessary.

Q. Do you remember asking?—A. I do not think I asked.

Q. Did they tell you not to?—No, they did not tell me not to.

Q. Did they tell you it was not necessary?—A. I cannot say positively now. I thought myself they were not necessary; the ledger is an exact copy of the original entries.

Mr. BARKER.—I think we have got at the facts as far as possible. Now, Mr.

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Chairman, this witness, with the consent of Hughes & Company has brought a ledger to this city and I ask you, as chairman, to direct him to produce it.

The CHAIRMAN.—To produce Mr. Hughes' private ledger?

Mr. BARKER.—To produce the ledger which he brought here with the consent of Hughes & Company under that subpoena, and I ask you to ask him to produce it to this committee.

Mr. MACLEAN (Lunenburg).—I would like to ask Mr. Northrup to repeat the argument he made a few moments ago. I did not quite catch what he said.

Mr. BARKER.—I think it is fair first to ask that the chairman should say whether he complies with my request or not.

Mr. MACLEAN (Lunenburg).—We can come back to that afterwards, but I would like to hear what it was Mr. Northrup said in regard to that matter, I did not quite catch his argument.

Mr. BARKER.—No, I want this ruling of the chair now.

Mr. MACLEAN (Lunenburg).—I wanted to hear Mr. Northrup's argument, I would like him to repeat it. I am not quite sure I heard him correctly.

Mr. BARKER.—This is a very improper interruption. I want the Chairman to direct the witness to produce that book.

The CHAIRMAN.—I would like you to give me some reason why I should ask him to produce it.

Mr. BARKER.—For no further reason than what the witness has stated. He has brought here, under subpoena, a certain book; whether it is his own book or not is not material, because he has brought it to this city with the consent of his employers, and it is the inference that he has brought it here under the order of the committee. I ask you now, as chairman, to direct him to produce that book to the committee.

The CHAIRMAN.—I would like first to be satisfied that it is the book called for by the subpoena.

Mr. JOHNSTON.—That is the whole point, this committee has issued instructions for the production of certain books relating to the supply of goods by J. J. Hughes & Co., to James McEachern for the Souris Fish Drier.

The CHAIRMAN.—If I am satisfied that this is the book covered by that subpoena, of course I will give my ruling.

Mr. JOHNSON.—He has been asked if he has 'all books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co., to James McEachern for Souris Fish Drier' and in answer to a question the witness says he has no such entry in his possession.

The CHAIRMAN.—That is he has no such book with an entry in his possession.

Mr. BARKER.—Do you mean to say that if those exact words are not written in the book we are not to have it brought here?

Mr. JOHNSTON.—Then amend your order, why did you put these words 'for Souris Fish Drier' in your order. These entries are not in the book and the witness says so.

Mr. BARKER.—I move, Mr. Chairman, that you direct the witness to produce the book, we will take a vote upon it, and if the committee does not so direct you we will bring it before the House.

The CHAIRMAN.—I would like to be fair in this matter, but I cannot conscientiously ask the witness to produce it.

Mr. BARKER.—I formally move that the Chairman do direct the witness to produce the ledger which he says he has brought with him to Ottawa, and which he has not brought to the committee room.

Mr. CROCKET.—Your disinclination, Mr. Chairman, to rule that the witness should produce the book, seems to be based on the fact that there is no entry of goods supplied to the Souris Fish Drier. It is quite unnecessary that the words 'For Souris Fish Drier' be included in the items entered, because as a fact the committee has before it already the evidence of McEachern that he bought all these goods that are itemized in the Auditor General's Report from the firm of Hughes & Company; that evidence is uncontradicted as yet. The present witness says that this book contains McEach-

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ern's whole account, wherefore of necessity that account must include the items that were bought for the Souris Fish Drier. It seems to me that goes without saying, and if that is the fact, putting now the evidence of McEachern and the evidence of Brennan here this morning, together, that the account which is contained in this ledger must of necessity contain the goods supplied for the Souris Fish Drier. That is what the witness is asked to produce.

Mr. MACLEAN (Lunenburg).—What do you want it for?

Mr. CROCKET.—It seems to me if this committee rules otherwise it will have absolutely no grounds for doing so.

The CHAIRMAN.—If you had simply asked in your subpoena the other day for the books of Hughes & Company containing the account of this man McEachern without reference to anything except his account, it would be different. He told you, he swore, that this transaction was with the Hughes Company, that it was charged up against Brennan himself personally, that he paid for these goods in conjunction with the rest of his account. The question is, if you had simply asked for the production of the books of J. J. Hughes & Company, without any reference whatever to this item relating to the Souris Fish Drier, would this committee be justified in granting you the order for their production? So, I say, I should not ask the witness to answer.

Mr. CROCKET.—I would not have ventured to ask the witness to produce the books without having reference to the subject of enquiry before the committee. But there is the fact, as I pointed out from the evidence that this book does contain entries of goods supplied for the Souris Fish Drier. You have spoken of McEachern paying Hughes & Company for these goods.

The CHAIRMAN.—Of course.

Mr. CROCKET.—That brings up another fact that is very important in this connection, and that is that when McEachern received these cheques from the government in payment for these goods, he turned them over to the firm of Hughes & Company.

The CHAIRMAN.—I would agree with you that that would be relevant evidence before another committee, but I do not think it is relevant evidence to this enquiry.

Mr. CROCKET.—I do see why. We are enquiring here into matters which have been referred to the Public Accounts Committee, and it is our function to examine into all matters in connection with the accounts contained in the Auditor General's reports referred to us. It is the essence of our function here that we determine and see if the goods under consideration are being supplied at fair and reasonable prices.

The CHAIRMAN.—Exactly.

Mr. CROCKET.—And how are we going to determine that? This committee has time and time again held that the middleman must state, and the committee has called upon middlemen to state, what they paid for goods which they turned over to the government.

The CHAIRMAN.—And so he did.

Mr. CROCKET.—We have the right to know what the value of the goods is, McEachern was asked and he did not know.

The CHAIRMAN.—Oh yes, he told us.

Mr. CROCKET.—No, he was unable to tell us, and surely this committee has the right, even if he had told us, to verify his testimony by one of the other witnesses, or by calling for the books in which the prices would be entered. But it seems to me there cannot be any possible doubt of the right of this committee to have this evidence. I would just ask the witness if he does not know that goods were supplied by the firm of J. J. Hughes & Company to Mr. McEachern for the Souris Fish Drier?

Mr. JOHNSTON.—We will first dispose of the motion.

The CHAIRMAN.—I do not see there is any great objection to that question.

Mr. CROCKET.—Don't you know, Mr. Brennan, that 90 tons of round timber, and



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some iron, plank and shingles were supplied by the firm of J. J. Hughes & Company for the Souris Fish Drier.

Several Hon. GENTLEMEN.—No.

Mr. BARKER.—The witness was asked a question and two or three gentlemen undertake to answer for him.

Mr. MACPHERSON.—Ask the question fairly. The honourable gentleman has no right to ask 'Were these goods supplied to the drier'?

Mr. CROCKET.—I asked him if he did not know that these goods were supplied to the fish drier.

Mr. MACPHERSON.—That is not a fair way of putting it and my honourable friend knows that. My honourable friend knows it is a lawyer's way of turning a trick.

Mr. BARKER.—Why not let the question be answered as he put it. You are afraid of the answer.

Mr. MACPHERSON.—I am not afraid of the answer, but I think there should be fairness in the question.

The CHAIRMAN.—I think if you would ask him if he supplied goods to Mr. McEachern it would be proper.

Mr. CROCKET.—I am asking him if he does not know that 90 odd tons of round timber and a quantity of boards and plank and shingles, and iron were supplied by J. J. Hughes & Company for the Souris Fish Drier.

Mr. MACPHERSON.—No. I say that is an unfair question.

The CHAIRMAN.—I would think it is going a little too far to ask a man to swear what these goods were intended for.

Mr. CROCKET.—I am asking him what he knows.

The CHAIRMAN.—It would be hard for him to say yes or no. I think you might ask him if he supplied so much timber to McEachern and if he knows what became of it afterwards.

Mr. BENNETT.—He can answer yes or no.

Mr. BARKER.—If he does know why not let him say so. Let him say yes or no.

Mr. MACPHERSON.—How does he know what became of the goods?

Mr. BARKER.—I don't know how he knows but if he does know he should answer.

The CHAIRMAN.—I think I would ask him if he supplied that amount of goods to Mr. McEachern and then, if you want to, follow it up. That would be fair.

Mr. CROCKET.—Do I understand you rule that question out?

Mr. BENNETT.—(to Mr. Crockett): Ask the question 'did they sell those goods to McEachern'?

Mr. CROCKET.—I want to know if the Chairman rules that question out, which he decided at the outset was a proper question?

The CHAIRMAN.—Just as you asked it at first.

Mr. CROCKET.—That is the way I asked it.

The CHAIRMAN.—Oh, no.

Mr. CROCKET.—I ask the Chairman's ruling if it is a proper question?

The CHAIRMAN.—If you ask this man did J. J. Hughes & Company sell goods to the Souris Fish Drier I think it would be an improper question.

Mr. CROCKET.—I asked him if he does not know that J. J. Hughes & Company supplied these goods to the Souris Fish Drier. What is the ruling, Mr. Chairman?

Mr. JOHNSON.—I think the Chairman should rule that we should dispose of the motion.

Mr. BARKER.—It is very kind of you to instruct him.

The CHAIRMAN.—I would like you, Mr. Crockett, to amend your question and put it in another way.

Mr. CROCKET.—You disallow the question as it has been put?

The CHAIRMAN.—I think I will. I think you can get at it in another way.

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*By Mr. Crocket:*

Q. Don't you know, Mr. Brennan, that the firm of J. J. Hughes & Company supplied 90 tons of round timber and a quantity of plank, board and shingles and iron to Mr. McEachern for the Souris Fish Drier?

The CHAIRMAN.—That is pretty nearly as bad.

*By Mr. Crocket:*

Q. Do you know that or do you not?

The CHAIRMAN.—That is pretty nearly as bad.

Mr. CROCKET.—That is what you suggested, Mr. Chairman.

The CHAIRMAN.—Oh no, I did not suggest that. I suggested that you should ask him first did he dispose of these goods. Then I would like you to go on.

Mr. CROCKET.—There is no question but that the witness knows. Why cannot he answer.

Mr. MACPHERSON.—Why should he answer unfair questions?

Mr. MACLEAN (Lunenburg).—You want to get the question and answer down in cold print so that the evidence can be distorted before the country?

Mr. CROCKET.—I want to know if I am to have an answer to that question?

The CHAIRMAN.—If you will drop the last part of it.

*By Mr. Crocket:*

Q. Do you know, Mr. Brennan, that the firm of J. J. Hughes & Company supplied a quantity of timber, shingles, iron and other goods to Mr. McEachern?

The CHAIRMAN.—To James McEachern.

Q. To James McEachern for the Souris Fish Drier.

The CHAIRMAN.—Just omit that last part.

Mr. CROCKET.—Do you disallow that?

The CHAIRMAN.—If you ask him whether he sold these goods to James McEachern it would be fair.

Mr. CROCKET.—Which were delivered at the drier?

The CHAIRMAN.—I think that would be fair. I would not disallow that.

The WITNESS.—He sold this material to James McEachern. I cannot tell you just where it was delivered.

*By Mr. Crocket:*

Q. For the drier? (No answer).

Q. What is your answer?—A. I cannot tell you just where it was delivered. He may have used some of it for the drier. I did not follow it.

Q. Are the entries for these supplies contained in McEachern's account in these books?—A. In his account.

Mr. CROCKET.—Mr. Chairman, I ask for the production of the books.

Mr. MACLEAN (Lunenburg).—You have been conducting this inquiry for several days. Would you be frank enough to tell us the purpose of it?

Mr. CROCKET.—I have a right to conduct this investigation. What it is about Mr. Maclean can find out for himself.

The CHAIRMAN.—I think you told us you wanted to find out at what price J. J. Hughes & Company sold these goods for.

Mr. BARKER.—Or whether there was any such transaction at all.

Mr. MACLEAN (Lunenburg).—Mr. Crocket said it was proved the other day and not contradicted.

Mr. CROCKET.—What?

Mr. MACLEAN (Lunenburg).—That these goods were bought by him from J. J. Hughes & Company. That was admitted.

Mr. BARKER.—We don't admit anything.

Mr. MACLEAN (Lunenburg).—The point I take is this: If Mr. Crocket were elicit-

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ing this information before the Committee on Privileges and Elections, I would not object myself.

The CHAIRMAN.—I think he would be perfectly within his rights there.

Mr. MACLEAN (Lunenburg).—If he comes and asks him before the Committee on Privileges and Elections I will not oppose it.

Mr. BARKER.—Mr. Maclean and other gentlemen get up in this committee and say we will admit this or that. They have no right to take any such position, that they will admit or refuse anything.

The CHAIRMAN.—Mr. Crocket has a right to ask this witness what the goods were sold for if the witness knows.

Mr. CROCKET.—The only question before the committee is whether the witness shall produce this book. I understand, Mr. Chairman, you took the position a moment ago that it would not be right to call upon the witness to produce this book unless it contained the entries relating to the supply of these goods to the drier. The witness answered that the entries were in the account. Now we want that account.

The CHAIRMAN.—Do you want the private account of James McEachern with J. J. Hughes & Company? You cannot get a portion of it without the whole.

Mr. BARKER.—We do not know. They may be the only items. We have a right to see the book.

Mr. CROCKET.—We want that account which the witness says contains the entries of the sale of these goods to Mr. McEachern for the Souris Fish Drier.

Mr. MACPHERSON.—To be logical you should, if you go into Hughes & Company's account to see if the prices were fair, also go into the accounts of all the other people who supplied goods to McEachern. But, of course, the honourable gentleman is not logical; what he desires is to get something with which to attack Mr. Hughes. If this matter was before the Privileges and Elections Committee and the question whether Mr. Hughes was properly entitled to a seat in the House, it would be proper. But I maintain that this committee has no right at all to take Mr. Hughes' or anybody else's books and lay public his business, when he has had nothing whatever to do with supplying goods to the government.

Mr. BARKER.—You are rather late with your proposition, after the committee has issued the subpoena.

Mr. MACPHERSON.—If I am late, 'better late than never.' I am stating a well known principle, that my good friend here himself would admit is fair, that we have no right, as a Public Accounts Committee, to go into the private accounts of any individual who is not supplying goods to the government.

Mr. BENNETT.—Hughes & Company furnished goods for the purpose of being supplied to the government.

Mr. MACPHERSON.—No, he has not.

Mr. BENNETT.—McEachern has.

Mr. MACPHERSON.—Then McEachern should bring his accounts and books and get the evidence from them.

Mr. CROCKET.—McEachern has no books.

Mr. MACPHERSON.—That may be, but this committee has no right to go into the private affairs of people who are not supplying anything to the government.

Mr. BENNETT.—If the ledger will show that the goods are charged up to McEachern, where is the objection to producing it?

The CHAIRMAN.—The only objection I would have to ordering the production is that it would make a precedent.

Mr. MACPHERSON.—I do not assume for one moment that there is anything in the ledger that will show that these goods were supplied direct to the fish drier, I do not know anything at all about it; I am simply laying down the principle that this committee has no right to go into the private ledger of Hughes & Company or any other firm which is not supplying goods to the government.

The CHAIRMAN.—If the books contain any entry of a transaction between the



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Hughes Company and the Souris Fish Drier it will be proper and right to order production.

Mr. BENNETT.—Then let us see them and ascertain whether there is any entry or not.

The CHAIRMAN.—The witness says there is none.

Mr. BENNETT.—You know, as a lawyer, that when a witness in a court says that the books do not show a certain entry that does not discard the use of the books or the pursuit of them to see what they do contain.

Mr. MACPHERSON.—There is no good reason why they should be produced here.

Mr. BENNETT.—The presumption is that the production is objected to because the goods are charged up there.

*By Mr. Northrup:*

Q. Do I understand this ledger contains all McEachren's dealings with the company?—A. All his dealings, yes, sir.

Mr. BARKER.—In view of that answer I renew my request, Mr. Chairman, that you direct the witness to produce the books.

The CHAIRMAN.—The book containing Mr. McEachren's private account, do you mean?

Mr. BARKER.—The book which he says he brought with him to the city, and which he says is here in the city.

The CHAIRMAN.—I am sorry to disagree with you, Mr. Barker, but I cannot do so. If the committee is willing to overrule my decision, well and good.

Mr. JOHNSTON.—I will move an amendment that the witness be required to produce only such books, &c., as the subpœna calls for.

The CHAIRMAN.—The motion by Mr. Barker is that the chairman be directed to require the witness to produce to the committee the ledger which he says he brought with him to Ottawa under his subpœna. The amendment by Mr. Johnston is that the witness be only instructed to produce such documents, papers, &c., as his subpœna calls for.

Mr. BARKER.—That is no amendment, I submit, Mr. Chairman.

Mr. BENNETT.—That will only mean bringing the witness back another day.

Mr. NORTHRUP.—The amendment is out of order, it is quite possible that both the amendment and the original motion might be carried; it may be that the ledger is the only document called for, there is nothing on the face of it to show that the amendment necessarily differs from the original motion.

Mr. JOHNSTON.—It will be quite satisfactory for Mr. Barker to withdraw his motion in favour of my amendment, then?

Mr. BARKER.—No, no, I want my motion put, that is not an amendment.

Argument followed.

The CHAIRMAN.—I would declare it to be hardly an amendment to the motion.

Mr. JOHNSTON.—In order to meet the objection of my honourable friend Mr. Northrup I would move, seconded by Mr. Macpherson, to strike out all the words in the motion made by Mr. Barker after the word 'Committee,' and insert in place thereof 'All books, papers, &c., required by his subpœna.' There cannot be any objection to that?

Mr. BARKER.—There is such a motion already on the record, we don't want to repeat it. One book happens to be here and my motion is that that book be produced at once. All the other books have already been ordered.

The CHAIRMAN.—That is a very nice point.

Mr. BARKER.—The position is simply this: The committee at its last meeting ordered what Mr. Johnston wants ordered now. We do not repeat our motions as a rule. The witness has got one book here and as we cannot get to-day all the books that Mr. Johnston wants, I move that the witness bring here the one book that he has got.

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Mr. JOHNSTON.—It is an entirely new book that you want to produce. It is an entirely new phase of the matter.

The CHAIRMAN.—Upon comparing them carefully, I see there is a slight difference between the amendment and the main motion. It has been moved by Mr. Johnston, seconded by Mr. Macpherson, 'That the words after "Committee" be struck out and the following words inserted in place thereof: "all books, papers, &c., required by his subpoena."' I think there is a substantial difference between the two.

Mr. BARKER.—Allow me to say one or two words upon the amendment. Mr. Johnston's amendment cannot be acted upon for a week or two weeks. The original motion can be acted upon to-morrow.

The CHAIRMAN.—I understand that. It is for the committee to say.

Mr. BARKER.—We don't want to waste the time of the committee or to keep this witness here unnecessarily. If he will produce the book he has got here this afternoon or to-morrow, or any day you deem necessary, we may not want these other books. The witness has already been requested in the subpoena to produce them all. We do not have to add to that at all. The amendment to the main motion postpones this inquiry indefinitely, because it will probably be ten days before we can get the other book. I think it is a monstrous proceeding for the committee to say that with one book already in Ottawa we shall not look at it until the other books have been got from Prince Edward Island.

The CHAIRMAN.—Providing there is anything in it bearing on this matter.

Mr. BARKER.—We cannot tell unless we see the books.

Mr. NORTHROP.—I have no objection to the amendment except that it is wholly superfluous. The committee ordered the production of the books last week and, as Mr. Barker points out, the proceeding contemplated by the amendment is a useless one.

The CHAIRMAN.—All those in favour of the amendment say 'aye.' I think the ayes have it.

Hon. Mr. FOSTER.—Yeas and nays.

Upon a division the Chairman declared the amendment carried by a vote of 15 yeas to 11 nays.

The CHAIRMAN.—I declare the motion lost on the same vote.

Mr. CROCKET. Now, Mr. Chairman, it seems to me that this amendment having been carried, it is now in order for us to call upon the witness to produce one of these books which he has in this city at the present time, viz., the ledger.

The CHAIRMAN.—If it is a book asked for by the subpoena I think you are right.

Mr. CROCKETT.—As already pointed out from the evidence of this witness and that of Mr. McEachern it must of necessity be so. This book, the witness says, contains Mr. McEachern's whole account and he says he knows that the firm of J. J. Hughes & Company supplied these goods, through McEachern, to the fish drier.

Mr. MACPHERSON.—He did not say that.

Mr. BENNETT.—Yes, the last answer he gave.

The CHAIRMAN.—He said he didn't know.

Mr. CROCKET. —I understood him to say distinctly he did know that.

Mr. BARKER.—The testimony is that he has brought the book here under his subpoena.

Mr. REID (Grenville).—Is it not a fact that this gentleman was ordered to bring all the books in connection with this matter? There must be something in those books concerning this account.

The CHAIRMAN.—He says he has no books in connection with this matter.

Mr. REID (Grenville).—There is one book, as I understand his last answer, which he says does refer to it.

The CHAIRMAN.—No, he says there is a book here which contains McEachern's account with the J. J. Hughes' Company, and he says, in that account, of course, there are certain items which correspond to the items now before the committee.

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*By Mr. Maclean (Lunenburg):*

Q. As far as you know, in the year 1906, did J. J. Hughes & Company sell any goods to the Souris Fish Drier?—A. Not to my knowledge.

Q. What is that?—A. Not to my knowledge.

Q. You do not remember ever having rendered an account to the government fish drier at Souris, for goods sold them?—A. No, sir.

Q. To your knowledge you never sold them one dollar's worth?—A. No, sir.

Q. Is that correct?—A. That is correct.

Q. There would be no books, as far as you know in the firm office of Hughes & Company disclosing any direct dealings between Hughes & Company and the government?—A. No, sir.

Q. You have no book here with you showing any transaction between Hughes & Company and the government on account of the Souris Fish Drier?—A. Not any.

*By Mr. Crocket :*

Q. I asked you before, and I will ask you again, if you do not know that goods were supplied by the firm of Hughes & Co. to McEachern for the Souris Fish Drier, and that they were delivered at the drier.

Mr. MACLEAN (Lunenburg).—Why not put that question right?

Mr. CROCKET.—Just wait now, it is a proper question.

*By Mr. Crocket :*

Q. What do you say as to that, Mr. Brennan?

Mr. MACPHERSON.—I ask your ruling, Mr. Chairman, if that is a proper question. I maintain that it is not.

The CHAIRMAN.—Not in that form, not quite in that form.

*By Mr. Crocket :*

Q. Well, I think, Mr. Chairman, you will find out it contains just exactly what you suggested I should add to my original question.

The CHAIRMAN.—What you should have deducted from the original question.

Mr. CROCKET.—I asked first if he did not know that Hughes & Company supplied these goods for the Souris Fish Drier.

The CHAIRMAN.—I ruled that out.

Mr. CROCKET.—You then suggested that I should add, 'to McEachern for the Souris Fish Drier.'

The CHAIRMAN.—I am sorry I cannot agree with you on that. I think what you really did ask him was if he supplied goods to James McEachern, and then you asked him if he knew these goods went to the Souris Fish Drier and he said he did not. There is a good deal of difference in that.

*By Mr. Crocket :*

Q. Now, have you any doubt, Brennan, that these goods were supplied to McEachern for the drier?

Mr. MACLEAN (Lunenburg).—Don't put it that way.

Mr. CROCKET.—I will put it exactly as I like—what is the objection to that question?

Mr. MACLEAN (Lunenburg).—You should not persist in putting that question in that way, particularly when you are a professional man; you have been corrected a half a dozen times, and should not need to be corrected again.

Mr. CROCKET.—I will not take lessons in professional conduct from you.

Mr. MACLEAN (Lunenburg).—It is not a question of professional conduct, but of professional knowledge. It is not fair to put a question in such form that you might place on record an answer which would say that the goods were sold by Hughes & Company direct to the government fish drier, that is the objection.

The CHAIRMAN.—That is the objection to the question, no doubt about that.



*By Mr. Crocket :*

Q. Have you any doubt, Brennan, that these goods were supplied or sold to McEachren for the Souris Fish Drier ?

The CHAIRMAN.—‘And supplied by him to the Souris Fish Drier,’ I think there will be no objection to that.

*By Mr. Crocket :*

Q. Have you any doubt about that, that these goods that have been spoken of were for use in the Souris Fish Drier ?

The CHAIRMAN.—I do not think that is an objectionable question.

A. McEachren might have used some of the material for the drier, I do not know whether he did so or whether he used any of it.

*By Mr. Barker :*

Q. What is your opinion on that?

*By Mr. Crocket :*

Q. I am asking you have you any positive doubt?

The CHAIRMAN.—‘Opinion’ would not be evidence. Have you any positive knowledge?—A. I cannot tell you of the disposal of the timber or anything else.

*By Mr. Reid (Grenville) :*

Q. Will you swear you do not know any of that timber went in there? Will you swear you do not know whether any of it went into the Souris Fish Drier or not.

Mr. MACPHERSON.—How can he swear that?

Mr. REID (Grenville).—Let him swear, one way or the other. I would like that question answered.

A. I cannot really tell you whether he used any, as a matter of fact I did not see the timber in the work, or the shingles or any thing else; I did not see the people use them, and as a matter of fact, I cannot tell you whether he used any.

*By the Chairman :*

Q. That is from your own personal knowledge?—A. From my own personal knowledge, no.

*By Mr. Bennett:*

Q. Did you see any of it that had been delivered there?—A. Did I know it had been delivered? No.

*By Mr. Crocket :*

Q. That is the reason you say you do not know, as a matter of fact, whether it was used there or not, because you did not see it in actual use?—A. I did not see it in actual use.

*By Mr. Reid (Grenville) :*

Q. Does this firm deliver their own material?—A. In some cases they do.

Q. Did they deliver that?—A. It is pretty hard for me to tell now. It was billed by the different clerks at different times, and I could not say whether this was delivered or not.

*By Mr. Crocket:*

Q. You know, as a matter of fact, that at this time McEachern was not carrying on any other business than on this post office for the government?—A. I cannot tell you that.

Q. You cannot tell me that?—A. I can't tell you what else he was doing.

Q. What do you know in reference to McEachern's business or employment?—A. He was living around, and had some small contracts, and was also inspector on the post office. He was in different employments: I cannot remember just what he was doing at the time.

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Q. He had been the inspector on this fish drier, hadn't he?—A. I think he was inspector or foreman at the time the fish drier was erected, that is the original building.

Q. That was the summer before?—A. In 1904, I think, if I remember rightly.

Q. Or 1905?—A. I am not quite sure of the date.

Q. Did you know that Mr. McEachern had been in the lumber business?—A. Yes.

Q. And had failed, and that all his stock had been sold?—A. Yes, I knew that he had failed.

Q. Previous to his buying these goods?—A. I think it was previous; I am not sure.

Q. You knew that all his stock had been sold out?—A. I cannot tell you that.

Q. You did not know that?—A. I did not know whether it was all sold out or not.

Q. Did the firm of J. J. Hughes & Company have in stock 90 tons of round timber?—A. I cannot tell you that off-hand.

Q. Do they keep round timber in stock?—A. We sometimes have it; buy it at different places sometimes.

Q. Do you remember that this round timber was sold by the firm?—A. I cannot remember the date; no, sir.

Q. If you had the ledger it would show that, would it?—A. It would show the date the timber was charged.

Q. And bought?—A. I cannot tell you the date it was bought. It is charged in the account; that is all I know.

Q. But you know it was charged?—A. It was charged in the account, yes.

*By Mr. Maclean (Lunenburg):*

Q. Have you any recollection of how many tons was sold to Mr. McEachern?—A. I think it would be 90 odd tons, as far as I can remember.

*By Mr. Crocket:*

Q. Ninety odd tons?—A. Yes.

Q. Don't you know those 90 odd tons of timber went into the Souris Fish Drier?—A. He may have used it for another—

Q. Did you not know at the time that it was for that purpose?—A. Of my own knowledge, I don't really know. He may have used some of it for other purposes. I did not see it, did not see him use it.

Q. He may have used some of it?—A. He may have used it for another purpose.

Q. But you know the bulk of it was for the Souris Fish Drier?—A. I cannot say positively that I do.

Q. Do you know that any part of it was for the fish drier?—A. He may have used part of it.

Q. Have you any doubt that it was? Have you any doubt that it was, on your oath?—A. He may have used part of it for it.

Q. When you say that you mean that you know that he did do so, is that not the fact?—A. Unless—

Q. Is that not right?—A. No, I have no reason to know unless somebody came in and told me because I was not down there watching him or watching the timber. I have no reason to know unless somebody told me he was using it for that purpose.

Q. Do you remember that any one did tell you?—A. I don't remember any one telling me.

Q. You cannot say whether anybody told you or not?—A. I cannot say whether anybody told me or not.

The CHAIRMAN.—I do not think this is relevant.

*By Mr. Crocket:*

Q. And you cannot say whether that round timber was in stock at the time?—A. I cannot say off-hand. No, sir, I cannot say.

Q. Don't you know that round timber was bought by the firm of J. J. Hughes & Company of the Messrs. Mooney, of Green Vale?—A. We bought some timber from Mooney.

Q. Don't you know that timber was for use in the Souris Fish Drier? Don't you know that was the timber which, as you say, was bought from the Messrs. Mooney, of Green Vale?—A. I say we bought some timber from Mooney. I cannot remember the quantity.

Q. Did you not buy it for the purpose of turning it into the drier?—A. We have had timber, we have bought timber from so many people, and buy timber at different times, I cannot remember the circumstances.

Q. You cannot remember as to whether that is the fact or not?—A. Oh, no. I cannot remember that, no.

Q. Do you remember anything as to the price the firm paid the Mooneys for their round timber?

The CHAIRMAN.—I should not think that is evidence.

Mr. MACPHERSON.—Why should he ask that?

Mr. CROCKET.—Why should I ask that? Surely that is a proper question.

The CHAIRMAN.—That is going beyond the scope of the inquiry.

Mr. CROCKET.—I think it would be fair to ask what he charged McEachern.

Mr. REID (Grenville).—I do not agree that it is an unfair question and I will tell you why, the government could have purchased it direct from Mooney just as well as from him through Hughes & Company and through McEachern. To my mind that makes two middlemen instead of one.

Mr. JOHNSTON.—Should they not have bought land and planted timber too?

The CHAIRMAN.—I don't think it is fair to ask what they charged McEachern.

Mr. CROCKET.—Do you, Mr. Chairman, disallow the question as to his knowledge as to what the firm paid Messrs. Mooney for this timber?

The CHAIRMAN.—I think that is going pretty far.

Mr. CROCKET.—You disallow it?

The CHAIRMAN.—I think it is going pretty far to ask what Hughes & Company paid the men who supplied the timber.

*By Mr. Crocket:*

Q. Do you know what the firm charged McEachern for the round timber?—A. I cannot tell you just at the moment.

Q. You cannot tell me at the moment. If you had the books you could tell, could you not?—A. The books would show. The debit entries are in the books, of course.

Q. If you had the ledger which you brought to this city you could answer that question?—A. It would show the prices for all articles charged in the account.

*By the Chairman:*

Q. You do not know how much you charged him?—A. I cannot remember off-hand.

Mr. CROCKET.—I think after that answer we are certainly entitled to have that ledger produced. The witness has said that if he had this book here he would tell us what he charged McEachern for this round timber. You yourself said a moment ago that was a proper question.

The CHAIRMAN.—I think that is a fair question in view of the rulings given on other questions. But does this witness know that?

Mr. CROCKET.—He says he cannot tell off-hand, but that if he had the books he could.

Mr. BARKER.—I submit, Mr. Chairman, you should direct the witness to produce the ledger.

Mr. MACLEAN (Lunenburg).—Why?

Mr. BARKER.—In view of what the witness has just said.

Mr. MACLEAN (Lunenburg).—This committee was not appointed to go into the deal-



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ings with Mr. McEachern or Mr. Hughes or Mr. Mooney. Surely we are not here for that purpose and nobody would argue that.

Mr. BARKER.—We argued that over and over again in the Merwin case and it was decided we should go into the question.

The CHAIRMAN.—I have ruled on that before.

Mr. NORTHROP.—Then I move, seconded by Mr. Crocket, that this committee having ordered the witness to produce before this committee all books referred to in his subpoena, issued under the authority of this committee, and the witness having sworn that he brought to Ottawa with the consent of Messrs. Hughes & Company, a ledger containing the full account of Mr. McEachern with said firm, and Mr. McEachern having sworn that he bought all the items in question from the said firm, and the witness having sworn that without such ledger he cannot give the prices charged McEachern, that the chairman be instructed to order the witness Brennan to produce such ledger forthwith before this committee.

The CHAIRMAN.—All in favour of the motion say 'aye.' I think the nays have it. Question put and motion declared lost, yeas 8, nays 15.

Mr. MACLEAN (Lunenburg).—I want to examine this witness.

Mr. CROCKET.—I am not through with the witness yet.

Mr. MCLEAN (Lunenburg).—I want to examine him upon this matter and if he has got that book in his possession, I would like him to look over it and over these papers, so that he will be able to give us the information we require at the next sitting. I move that the committee adjourn until 10.30 on Monday.

Mr. NORTHROP.—I move that the evidence of the witness Brennan, the refusal of the Chairman to instruct him to produce the ledger brought by him to Ottawa, the motion by way of appeal therefrom and the result thereof be forthwith printed and reported to the House.

The CHAIRMAN.—I think that will be a proper motion if you are through with the examination.

Mr. BARKER.—No, we have got to a point where we are stopped in regard to this particular question, but that will not prevent us going on farther. This is the only way of bringing your ruling before the House.

The CHAIRMAN.—There are other members of the committee who desire to go on with this examination.

Mr. BARKER.—This does not prevent them doing that, but we want it reported to the House and we will discuss that as a separate question, but we are going on with this examination ourselves.

Mr. NORTHROP.—This is exactly the same as was done in connection with the Merwin case, we reported to the House, as we propose to do now, the object being that the House has control of the committee, and the committee in its wisdom having refused to order this witness to produce that ledger the House may instruct the committee to do so.

Mr. MACLEAN (Lunenburg).—I do not think there has been a case where a private individual has been asked to disclose his private ledger before this committee.

Mr. NORTHROP.—This is not a case of a private ledger but of the witness refusing to produce a book in accordance with his subpoena and which he has in his possession.

Mr. MACLEAN (Lunenburg).—Such a thing has never been done before.

Mr. JOHNSON.—I will move an amendment—

The CHAIRMAN.—You can vote this down just as well as bringing in an amendment if you want to.

Mr. BARKER.—It is either yes or no, on the motion.

Mr. JOHNSON.—I move in amendment that the following be added to the motion, 'when the examination into this matter is concluded.'

Mr. BARKER.—That is a negative.

Mr. JOHNSON.—It is something more than a negative. If my amendment carries

the motion will read, 'that the evidence, etc., be forthwith printed, and reported to the House when the examination into this matter is concluded.'

Mr. BARKER.—Of course the only result will be, the only object of the motion is to get it before the House so that it can be taken up at the convenience of the ministers when they want to discuss it. If it is not done that way we will have to take it up on going into supply, which will not be so convenient to the government.

Question put and the amendment carried, yeas 12, nays 7.

The committee adjourned until 10.30 on Monday, June 1.

# HOUSE OF COMMONS.

COMMITTEE ROOM No. 32.

MONDAY, June 1, 1908.

The committee met at eleven o'clock a.m., Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of \$19,711.90 as set out at P-1996, 1906, and a payment of \$14,497.36, as set out at P-170, 1907, Report of the Auditor General, in connection with Souris Fish Drier.

Examination of Mr. J. W. Brennan resumed.

*By Mr. Crocket:*

Q. You said on Friday that you could not tell the committee what the firm of J. J. Hughes & Co., charged Mr. McEachern for this round timber, and for lumber, without looking at the ledger?—A. Yes.

Q. Have you brought the ledger with you this morning?—A. No, sir.

Q. Why not?—A. I haven't got the ledger.

Q. Eh?—A. I haven't got it.

Q. You have it in the city, have you?—A. It is in the city, but not in my custody.

Q. Did you bring the ledger to Ottawa in your custody?—A. I cannot altogether say it was in my custody, Mr. Hughes travelled with me and he had it as much as I had.

Q. You came up with Mr. Hughes from Souris?—A. Yes, sir.

Q. And Mr. Hughes has retained the custody of the ledger?—A. I presume he has it now.

Q. What is that?—A. I presume it is with him now.

Q. I do not hear what you say?—A. I presume he has it now.

Q. Did Mr. Hughes bring the ledger to Ottawa, or did you bring it in response to the subpoena?—A. We both brought the ledger along, it was practically in the custody of Mr. Hughes.

Q. It was brought, was it not, in response to the subpoena?—A. I do not know whether you could call it altogether in response to the subpoena; he might have used it here for his own reference, I do not know anything about that.

Q. You do not know whether it was brought in response to the subpoena or not?—A. I do not know that for a fact.

Q. You know the subpoena called upon you to produce all books and papers, &c., in your custody, you know that the subpoena called upon you to do that?—A. It called for all books containing entries of material sold to James McEachern for the Souris Fish Drier.

Q. And you knew, Mr. Brennan, didn't you, that that ledger contained the entries of charges against McEachern for goods that went into that Souris Fish Drier?—A. I cannot tell you whether all the goods went into the fish drier.

Q. Don't you know that the round timber went into the fish drier and was charged against him for the fish drier?

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Mr. MACLEAN (Lunenburg).—How would he know that, there is no mention of round timber in this subpœna ?

*By Mr. Crocket:*

Q. I am not speaking about the subpœna, but about the books. Don't you know it ?—A. He may have used some of it for the drier.

Q. Don't you know that that lumber was sent to the fish drier—on your oath, do you not know that?—A. I do not know, Mr. McEachern testified himself that he used that timber for the fish drier ; I suppose it must be a fact, but he is the best judge.

Q. He testified himself that he used it ?—A. Yes.

Q. That was the timber that was charged in that book?—A. That may be some of the timber.

Q. Therefore you knew, didn't you, that that book contained an entry of the charges against McEachern for the timber for the fish drier ?

Mr. MACLEAN (Lunenburg).—Don't put such a dishonest question, the witness cannot give an answer to that.

Mr. CROCKET.—That is a perfectly honest question.

*By Mr. Crocket:*

Q. Isn't that a fact, Brennan?—A. What is that?

Q. That you knew when you got that subpœna, and before you started for Ottawa, that that book contained the entries of the charges against McEachern for supplies that went to the Souris Fish Drier?—A. No, I knew that it contained entries of the material sold to McEachern, I knew that certainly.

Q. Yes, and it went into the Souris Fish Drier?—A. Well, I presume, as I said before, he testified himself that he used it, or used some of it, in there, I knew from what he said.

Mr. MACLEAN (Lunenburg).—A fair man, examining a witness would never dare to put that question, and this committee should not permit any such conduct on the part of a member of the committee.

The CHAIRMAN.—It is a leading question.

Mr. MACLEAN (Lunenburg).—An honest man could not answer that question.

Mr. CROCKET.—That is the most absurd proposition I have ever heard advanced by a lawyer or a layman, that an honest man could not answer a question whether he knew as a fact or not.

The CHAIRMAN.—It would not be a fact, he would not know as a fact.

Mr. CROCKET.—Surely as an intelligent man he might say whether he knew it.

The CHAIRMAN.—He might know it, but not as a fact; if you want him to swear as to the fact, that is what you do want to find out, whether he knew it was a fact. He might know it as heresay evidence, and he might know it by inference, but to swear absolutely he knows it went into the Souris Fish Drier is a different thing.

WITNESS.—No, I do not know.

Argument followed.

*By Mr. Crocket:*

Q. Mr. Chairman, there cannot be any possible objection to that question, that is as to whether the witness knew or not, that this book contained those entries of goods that went to the Souris Fish Drier? If he doesn't know let him say so, it is a question of knowledge on his part. Now I want an answer, Mr. Chairman, to that question.

Mr. MACPHERSON.—I am not a lawyer, but it seems to me that Mr. Crocket is asking the witness to place himself in the position of saying yes or no to a question which the honourable gentleman has no right to ask. The question you want to ask him is: 'Has your firm supplied anything to the Souris Fish Drier?'

Mr. CROCKET.—I am asking now whether the witness knew that this book contained entries of charges against Mr. McEachern for goods that went to the Souris Fish Drier. Now, surely that is a fair question.



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Mr. MACLEAN (Lunenburg).—When he received the subpoena. That goes into the question, does it not?

Mr. CROCKET.—I object to any further interruption. I ask for your ruling, Mr. Chairman, whether my question is a proper one or not?

The CHAIRMAN.—Ask the witness again.

*By Mr. Crocket:*

Q. Did you know, Mr. Brennan, that this account, this ledger, contained entries of charges against Mr. McEachern for goods that went to the Souris Fish Drier?

Hon. Mr. FOSTER.—That seems a fair question.

Mr. MACPHERSON.—How does he know?

Mr. CROCKET.—Let him say so if he does not know.

Hon. Mr. FOSTER.—All he is asked to do is to say whether he knows it or not. Cannot he say that?

Mr. MACLEAN (Lunenburg).—He was not asked that at all.

Mr. CROCKET.—That is the question I asked twenty minutes ago, and these honourable gentlemen objected.

Mr. MACLEAN (Lunenburg).—The question Mr. Crocket has been asking all the morning was did the witness know at the time he received the subpoena.

Hon. Mr. FOSTER.—We are talking of the question Mr. Crocket has just asked. Mr. Maclean is going back to a question asked some time ago, and making objection to that.

Mr. MACLEAN (Lunenburg).—Will you please let me have the floor?

Hon. Mr. FOSTER.—Let the question be put now as Mr. Crocket asked it a minute or two ago.

Mr. CROCKET.—It is precisely as I put it twenty minutes ago.

Mr. MACLEAN (Lunenburg).—We have been discussing this matter for the last ten or fifteen minutes. Mr. Foster comes in just now and presumes to understand all that has been going on.

Hon. Mr. FOSTER.—I know the question that has been asked just now, and I ask whether it is relevant or not? If it is, let the question be put and answered by the witness.

Mr. MACLEAN (Lunenburg).—What do you say the question is?

Hon. Mr. FOSTER.—I know what it is, but we had better have it from the proper authority.

Mr. MACLEAN (Lunenburg).—Mr. Crocket has been asking this witness for ten or fifteen minutes if he knew at the time he received the subpoena at Souris that this ledger account contained entries for supplies which, directly or indirectly, went into the fish drier.

Hon. Mr. FOSTER.—That was not the last question.

Mr. MACLEAN (Lunenburg).—Pardon me, you will please sit down.

Hon. Mr. FOSTER.—The last question was 'Did you know?' It was not the question 'Do you know?'

Mr. MACLEAN (Lunenburg).—Therefore, the question essentially was the same as the one put before. I don't object to the witness being asked if he knows, but it is not fair, Mr. Chairman, and you should not permit questions to be put to a witness to which he cannot answer 'yes' or 'no' only and protect himself against perjury.

The CHAIRMAN.—I rather agree with that.

Mr. MACLEAN (Lunenburg).—Why should a member of the committee, who is a professional man, be allowed to put questions in that way, when there is a better way of doing it?

Hon. Mr. FOSTER.—Is this a proper question to be put: 'Did you know at a certain time that such and such was the case?'

The CHAIRMAN.—I think it is, if you put it in that form.

Hon. Mr. FOSTER.—Supposing you ask: 'Do you know now that that is the case?'

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The CHAIRMAN.—I would think that was fair. But if you ask a question and the witness can only draw an inference, but yet has to answer 'yes' or 'no.' That is the difference.

Hon. Mr. FOSTER.—It is not inferences we want, but his knowledge as to facts.

The CHAIRMAN.—He cannot give knowledge as to facts. He may not feel inclined to answer, because he may know certain things only from inference.

Hon. Mr. FOSTER.—If so, he can say that he knows from inference.

Mr. CROCKET.—Now, I will ask for an answer to my last question.

Hon. Mr. FOSTER.—Let the stenographer read the question.

Question read by the stenographer.

The WITNESS.—I did not know as a fact.

*By Mr. Crocket:*

Q. You did not know as a fact?—A. No.

Q. You told us a few moments ago that you knew that Mr. McEachern had sworn so?—A. Well, I understood that he had sworn to that effect.

Q. You told us that?—A. Yes.

Q. Is that the only knowledge you have as to that matter, the fact that Mr. McEachern had sworn so in this committee?—A. I think that is about the only knowledge I have, definite knowledge.

Q. After receiving this subpoena did you examine Mr. McEachern's account to see if it contained any charges for goods that went to the Souris Fish Drier, as called for by your subpoena?

The CHAIRMAN.—For these goods, you had better say.

Mr. CROCKET.—Yes, that is all right. The witness seems to be so thoroughly conscientious that I had better not have anything left to inference.

Mr. MACPHERSON.—I don't think my honourable friend has a right to reflect upon the witness' conscientiousness.

Mr. CROCKET.—The chairman says he cannot answer anything involving inferences at all.

Q. Did you, after receiving the subpoena, examine Mr. McEachern's account to see if it contained charges for goods that went to the fish drier?—A. I may have looked over his account. I just forget now whether I did, before leaving home, or not.

Q. You may have looked over his account?—A. I may have looked over his account.

Q. And you just forget whether you did or not?—A. Yes, I just forget at the moment whether I did or not.

Q. Well, then, how did you bring the ledger with you? Why did you bring the ledger with you?—A. I do not know.

Q. In obedience to the subpoena?—A. Mr. Hughes may have wanted the ledger, I do not really know.

Q. You told us the other day that you brought the ledger to Ottawa?—A. Well, I brought it along, I carried it part of the time.

Q. You carried it part of the time?—A. Yes.

Q. And you carried it along, didn't you, because your subpoena called for it, because you were directed by the subpoena to bring all such books containing such evidence?—A. I can't say that I did.

Q. You can't say that you did?—A. No, sir.

Q. Did Mr. Hughes examine the accounts to see whether they contained anything?—A. I can't say about that.

Q. You don't know about that?—A. The ledger was in the office, he may have looked at it in my absence, I do not know.

Q. Did you and Mr. Hughes talk together about the matter?—A. We may have spoken about it.

Q. Did you or did you not?—A. I just forget any conversation at home about it.

Q. You forget the conversation?—A. Yes.

Q. That was last week—Mr. Hughes was there last week wasn't he?—A. Last week, yes.

Q. And you tell us you have forgotten any conversation that took place between you and Mr. Hughes in reference to the matter?—A. I may have talked to him about the matter, I may have, I am not quite sure.

Q. You are not sure whether he talked at all to you about the matter?—A. He may have talked to me about the matter.

Q. Are you sure that he did not?—A. I am not sure he didn't, he may have talked to me about the matter.

Q. When you say that he may have talked to you about the matter you mean that he did, don't you?—A. Perhaps he did, I won't say positively.

Q. Will you swear he didn't?—A. I won't swear he didn't.

Q. You say he may have, and when you say that it means that he did, that is what you mean?—A. He may have, I can't swear positively.

Q. You can't tell us what was said?—A. I can't tell you what was said.

Q. As to the production of this book?—A. No, sir.

Q. Will you say that you do not know that Mr. Hughes looked into that account to see whether the book should be produced or not?—A. I cannot say whether Mr. Hughes looked into the account or not, he may have done so, the ledger was there in the office and he may have looked into it.

Q. You are not aware if he did or not?—A. No.

Q. Will you swear that you did not look into this account to see whether the ledger should be produced, in obedience to the subpoena, containing these entries?—A. I may have looked into the account.

Mr. MACLEAN (Lambertburg).—Mr. Chairman, I was just about to remark that it is pretty hard for a member of this committee to sit here and hear a man occupying the time of the committee subjecting the witness to an unfair cross-examination for a purpose which we perhaps may guess at: certainly it is not within the power of this committee to allow, if we see fit to prevent it. There has not been five minutes during this whole enquiry, from beginning to end, that has been devoted to an examination of the witness which should have been permitted. If we had acted in this committee as we should have acted, and the chairman had enforced what is plainly and apparently the rules of this committee, this enquiry would have not lasted five minutes. There has not been one question which has been asked that has been strictly germane to the enquiry. If Mr. Crocket desires to bring out the facts relating to the payment before the committee why doesn't he get right down to business?

The CHAIRMAN.—He may be getting there now, but in a very roundabout way.

*By Mr. Crocket:*

Q. What do you say about that, Mr. Brennan?—A. I may have looked into it.

Q. When you say that you mean that you did, do you?—A. I may have, I cannot say positively now.

Q. You cannot say positively?—A. No.

Q. And yet if you did so it would be within the past week?—A. It would be, yes, it would be a week anyhow.

Q. And you want this committee to believe that you have forgotten as to whether you did that or not?—A. Well, I am going over the ledger all the time, and it is pretty hard for me to remember just what accounts I took.

Q. Do you want the committee to believe that you do not remember whether, as a matter of fact, you really did look into that ledger for that purpose or not, after a lapse of six or seven days?—A. I won't be positive whether I did or not.

Q. You won't be positive whether you did or not?—A. No.

Q. And between the two of you you got the ledger to Ottawa?—A. Yes.

Q. And where is it now?—A. I can't tell you.



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Q. You can't tell me——

Hon. Mr. FOSTER.—What?

A. I can't tell.

*By Mr. Crocket:*

Q. Where was it when you last saw it?—A. I left it with Mr. Hughes.

Q. Where, in his room, or in your room?—A. No, it was in this building.

Q. It was in this building?—A. Yes.

Q. When was it that you last saw it in this building?—A. I think it was Saturday.

Q. On Saturday?—A. I think it was Saturday.

Q. That was after you gave evidence on Friday?—A. Yes.

Q. Where was it when you were giving evidence here on Friday.

Mr. MACLEAN (Lunenburg).—What do you want to enquire about this book for, what has it got to do with this enquiry? Anyway the ledger would not be evidence and you have no right to ask for it.

Mr. CROCKET.—It is absurd for a lawyer to say what this witness can tell what is in a ledger but that the ledger itself cannot be taken as evidence.

*By Mr. Crocket:*

Q. Where was the ledger when you were giving evidence here on Friday?—A. I can't tell you that.

Q. Didn't you tell the committee on Friday that it was in your room?—A. I don't think that I did.

Q. I think that you did.

The CHAIRMAN.—You said it was in a room in this building, you did not say it was in your room.

*By Mr. Crocket:*

Q. When you said that I suppose you knew what room it was in, a gentleman who speaks so particularly with regard to inference as you seem to, that you will swear only when you know anything as a positive fact, when you said that you knew where it was, didn't you?—A. I just forget now what I said the other day.

The CHAIRMAN.—He wanted to be safe, so he said it was in a room.

Hon. Mr. FOSTER.—He would have been safer if he had said it was in the world somewhere.

The CHAIRMAN.—He wanted to be safe, but he didn't know what room it was in.

*By Mr. Crocket:*

Q. Well, do you know, Mr. Brennan, where the ledger was on Friday?—A. Well, I know where I saw it last, but I could not tell you just where it was at the moment of my giving evidence.

Q. Before you gave your evidence on Friday, where did you see it last?—A. In one of the rooms in this building.

Q. In one of the rooms in this building?—A. Yes, sir.

The CHAIRMAN.—I cannot really see, in view of the decision of the committee on Friday, the object of your examination. The committee then refused production of this ledger. I do not know that it matters very much——

Mr. CROCKET.—Upon the ground, as I understand it——

The CHAIRMAN.—It does not make very much difference whether you find out where the ledger is.

Mr. CROCKET.—I understand the ground upon which the Chairman ruled that that book should not be produced was that there was no evidence that it contained entries relating to the supply of goods for the fish drier. Now, I am proving by this witness that it did, and I take it, now the committee is aware of the fact, the production of the ledger will be ordered.

The CHAIRMAN.—What do you say to Mr. Maclean's contention that the ledger is not evidence?

Mr. CROCKET.—I say that I dispute it.

The CHAIRMAN.—You would not dispute, Mr. Crocket, that the ledger is not evidence if you can produce the original entries?

Mr. CROCKET.—If that is the ground that is going to be taken now, I would remind you of what transpired on Friday. Mr. Barker asked for the books of original entries, and the witness did not consider their production necessary, because he said the ledger was a correct copy.

*By Mr. Crocket:*

Q. Was it on Friday or on Thursday that you saw the ledger?—A. I think it was on Thursday.

Q. On Thursday?—A. On Thursday.

Q. Did you look at Mr. McEachern's account?—A. On Thursday?

Q. Yes?—A. Yes, I looked over Mr. McEachern's account on Thursday.

Q. You looked over it for the purpose of preparing yourself for giving evidence before this committee—A. Well, I just—

Q. In order that you could give evidence on the subject before this committee. That is right, is it not?—A. I don't know whether that was exactly my intention or not. However, I looked over the account.

Q. On Friday you told us that you could not state what prices the Hughes firm charged McEachern for the round timber?—A. I could not remember it. I did not make a note of the prices.

Q. Although you looked through the account on Thursday?—A. I did not make a note of the prices.

Q. Did you look through the account and see that item there?—A. I saw different items, many items.

Q. Did you see that item?—A. What item was that?

Q. For round timber?—A. I saw two items for round timber.

Q. Two items for round timber. And having seen them and the prices at which they were charged, you came before this committee the other day and stated to us that you could not tell the prices that were charged there?—A. I could not tell the prices. There were different entries of lumber and material. I could not remember very well all the prices without making a note of them.

Q. How is your memory, as a rule?—A. It is fairly good.

Q. Fairly good?—A. Yes.

Q. Is it as good as usual this morning?—A. I think so.

Q. Was it as good as usual on Friday last, Mr. Brennan?—A. I don't know that there was any difference.

Q. Did you ask Mr. Hughes before you came here on Friday if you would bring that ledger to the committee room or not?—A. Upon my word now, I just forget whether I asked him that question.

Q. You forget that?—A. Whether I asked him that question or not; I may have asked him.

Q. And when you say that, don't you really mean, Mr. Brennan, that you did ask him?—A. I may have asked him.

Q. You may have asked him. Mr. Hughes told you what?—A. As far as I remember, Mr. Hughes told me not to bring it.

Q. Not to bring it?—A. Or that he would not let me bring it. I cannot remember exactly the answer he made.

Q. You told us a little while ago that all the information you had as to the question whether this lumber was for the drier or not was Mr. McEachern's sworn testimony in this committee?—A. Well, he ought to know pretty well.

Q. Is that all the information you had as to whether this lumber was for the drier

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or not?—A. Well, about all the information that the lumber we sold him was for the drier.

Q. You entered these items in Mr. McEachern's account yourself?—A. I posted them in the account.

Q. You posted them in the account?—A. Yes.

Q. Did you ever prepare any bills of the account or any accounts for Mr. McEachern?—A. I think I did.

Q. Did you not prepare accounts that Mr. McEachern sent to the government?—A. I may have. If I saw them I could tell you.

Q. But you were in the habit, were you not, of preparing accounts for Mr. McEachern?—A. Preparing accounts for many of our customers, do it quite frequently.

Q. Look at that (showing an account to witness). Did you prepare that account?—A. No, sir.

Q. You did not prepare that one? That is dated June 5, 1905. Do you know whose handwriting that is in?—A. I cannot tell you. It resembles George B. McFarlane's.

Q. George B. McFarlane's?—A. Yes.

Q. Was that prepared in Hughes & Company's store?—A. Not that I know of.

Q. What about that one (producing account)?—A. That is my handwriting.

Account filed as follows:—

## DEPARTMENT OF MARINE AND FISHERIES.

Souris Fish Drier Warehouse,  
Dr.

To James McEACHERN.

1906.

May 15. To 90 tons Round Timber,

@ \$3.00 per ton

\$ 270.00

Rec. Payment.

JAMES McEACHERN.

I certify that the above articles have been received and that the prices charged are moderate and fair.

(Sgd.) Geo. E. McFARLANE,  
Officer in Charge.

Q. So that account, rendered to the Department of Marine and Fisheries in the name of James McEachern was prepared by you in the Hughes Company's store—A. Well, I cannot remember just where I did it, but it is my handwriting.

Q. The account is for 90 tons of round timber, \$270?—A. Yes, sir.

Q. Was Mr. McEachern present when you prepared that account?—A. He must have been, because it would have been done at his request, I presume.

Q. It would have been done at his request?—A. Yes.

Mr. MACLEAN (Lunenburg).—Do you think, Mr. Chairman, that it is fair to permit this?

The CHAIRMAN.—I don't think it is relevant.

Mr. MACLEAN (Lunenburg).—Then I ask for your ruling. My position and the position of some other members is this—

The CHAIRMAN.—I cannot see the relevancy of this examination at all.

Mr. MACLEAN (Lunenburg).—One would imagine that the purpose of the inquiry would be to ascertain whether the expenditure which was designated in the motion for papers, and which appears in the Auditor General's Report,—whether the purchases were necessary, and whether the prices paid were fair or whether they were unreasonable or an excessive profit was made. Now these honourable gentlemen have



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so far not asked one single question relating to that. The whole inquiry seems to be to show that Mr. Hughes directly, or through some conduit pipe, made a sale of goods to the government and thereby violated the Independence of Parliament Act. Now, Mr. Chairman, we have a committee for the investigation of such a charge as that. Let Mr. Crocket or any of his friends take the inquiry they are seeking to make before that committee. What answer can a fair minded man give to that objection?

Mr. CROCKET.—The witness swore a few minutes ago that he had no knowledge that the goods sold to Mr. McEachern went to the fish drier. That was the line of examination and he swore that positively. I have just produced an account against the Marine and Fisheries Department which this witness prepared for this very lumber.

Mr. MACPHERSON.—For whom?

Mr. CROCKET.—Mr. Maclean says that is irrelevant?

The CHAIRMAN.—I think so too. I have no doubt in the world that it would be perfectly good and relevant evidence before the Privileges and Elections Committee, if you were trying to arrive at the fact that Mr. Hughes sold goods to the government, either directly or indirectly, and therefore violated the Independence of Parliament Act. I say that all this evidence that you bring up here would be perfectly relevant before the Privileges and Elections Committee, but I cannot see how it is relevant before this committee. All this committee has to do is to see whether these goods have been sold at prices fair and reasonable or whether there has been anything about the sale which is not just exactly what it should be.

Mr. CROCKET.—The Privileges and Elections Committee has its functions and this committee has its functions also and the very purpose and object of this committee is to examine into all details in connection with accounts that appear in the Auditor General's report.

The CHAIRMAN.—Exactly.

Mr. CROCKET.—We have the right and it is very essence of our functions here to ascertain that these prices were fair and reasonable.

The CHAIRMAN.—Certainly.

Mr. CROCKET.—Then every question that I am asking now is directly for the purpose of ascertaining whether these charges were fair and reasonable and what the Hughes firm charged McEachern for the goods that he turned into the government.

The CHAIRMAN.—That is fair.

Mr. CROCKET.—And if in doing so this goes into the other matter, and touches somewhat upon another question which might be before another committee it makes no difference, this matter has to stand upon its own bottom.

The CHAIRMAN.—You are going a long way around about it.

Mr. CROCKET.—If it strikes Mr. Hughes as a member of this House that is no concern of this committee.

The CHAIRMAN.—I agree with you.

Mr. CROCKET.—It makes not a particle of difference, the question is whether this committee should enquire into the prices or not, if we cannot, we had better shut up shop.

The CHAIRMAN.—There is nothing in the world to prevent your doing that.

Mr. CROCKET.—Another matter that I wish to call the attention of the Chairman to is that this witness swore five minutes ago that he had no knowledge these goods went into the fish drier except what he learned from the fact that Mr. McEachern had sworn before this committee that they did. He himself now admits that he prepared the very account from Mr. McEachern charging the government for these goods, in Mr. Hughes' store.

Mr. MACLEAN (Lunenburg).—He didn't say that.

The CHAIRMAN.—You are adding to that now.

WITNESS.—I cannot tell you where it was done.

Mr. CROCKET.—Perhaps I went a little too far there.

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*By Mr. Crocket:*

Q. Did you prepare that account (indicating voucher on file)?—A. That is my handwriting, yes.

Q. Where did you get the information upon which that account is based?—A. I presume I got it from Mr. McEachern, I must have got it from McEachern.

Q. Did you get it from McEachern or from your own book?—A. So far as I know I got it from Mr. McEachern; I do not see what my books have to do with it.

Q. Did McEachern produce any books before you?—A. I am not aware he did.

Q. Are you aware he swore before this committee that he kept no books?—A. I do not know, I did not follow him around.

Q. Do you know as a fact whether he did or not?—A. No, I do not know.

Q. I can tell you that he swore he did not keep any books?—A. He may have memorandum of the material which was used, very likely he would.

Q. Can you remember that he produced any paper?—A. I cannot remember what he produced.

Q. Will you swear you did not take the items from your own book?—A. I do not think I did.

Q. Will you swear you did not?—A. I do not think I looked at my books at all, I do not remember the circumstance, but I presume that McEachern gave me all the information.

Q. When you prepared that account will you say you did not know that the round timber was supplied by your firm and that it went to the fish drier through McEachern?—A. No, I cannot, as a fact I didn't know whether all that material was supplied by us or not, he may have bought round timber from other people.

Q. You say you looked at these books on Saturday?—A. On Saturday.

Mr. CROCKET.—Now, Mr. Chairman, I am going to ask you again that in view of the evidence that the witness has given this morning that you direct that the ledger be produced. I want to find out what the charge for these goods was.

The CHAIRMAN.—Ask him, he may tell you.

Mr. CROCKET.—Surely if the book is in this building and we can get the evidence out of the book we ought to do it.

The CHAIRMAN.—I do not see how you can ask for the books in view of the decision of the committee on Friday.

Mr. CROCKET.—I say we have a good deal of evidence this morning which shows conclusively that the book contains the information asked for by the subpoena.

The CHAIRMAN.—I would not say so.

Mr. CROCKET.—I am going to ask for a ruling now, that you require this witness to produce the book, as this committee decided last week that he should produce all books containing entries of charges in connection with the Souris Fish Drier, and the evidence is that these goods were for the Souris Fish Drier.

The CHAIRMAN.—I must refuse to ask the witness to do that on the ground that you have not satisfied me there are entries of this kind in the books, but there is no evidence this morning that satisfies me that there are entries that correspond to the items in the Auditor General's report.

Mr. MACLEAN (Linenburg).—This witness hasn't control over the books anyway.

The CHAIRMAN.—No, he has not control of them.

Mr. CROCKET.—He told us the other day that he is the custodian of these books, and the custodian is the proper person to produce them always.

The CHAIRMAN.—I do not think they are in his custody, he is merely the book-keeper, these books are not in his custody.

Mr. CROCKET.—Do I understand the chairman to say that he is not satisfied that these books contain entries of goods sold that went into the fish drier.

The CHAIRMAN.—I would not like to say that, I have no doubt that they are, I have no doubt that they are items that correspond to these items in McEachern's private account, but I cannot say because that happens that these are the very goods

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that went into the drier. This account discloses no transaction between Mr. Hughes and the government.

Mr. CROCKET.—Your statement is the very best evidence I can conceive of why this book should be produced. You want definite knowledge, how can you get that without the book?

The CHAIRMAN.—Even if it were produced a thousand times that would not give me any additional knowledge because there happens to be an item in that account which corresponds to an item in the account of James McEachern with the Souris Fish Drier; that is no evidence that the two are one and the same.

Mr. CROCKET.—I do not know whether you presided at the meeting when Mr. McEachern was examined, but McEachern swore that all these goods charged in the Auditor General's report were purchased by him from the firm of Hughes & Company. This witness says that the McEachern account is complete in this ledger, the whole of the McEachern account, therefore that account must necessarily contain every one of those items. That being the case, surely, Mr. Chairman, you cannot want any more conclusive evidence than that, that this account contains the very information that this committee is asking for, and having asked for it, I cannot see upon what ground now this committee can decide to reject it. Do you disallow the question, Mr. Chairman?

The CHAIRMAN.—Yes, I do. I may be wrong, but I disallow it. This is McEachern's private account, and I do not think that it is fair to produce the account of a private individual here: the private individual has rights here that ought to be respected. Where private rights and public rights clash I think we should give the preference to the individual.

Hon. Mr. FOSTER.—You rather give preference to the private right?

The CHAIRMAN.—Not in all cases, but I think there are cases where we ought to do so.

Hon. Mr. FOSTER.—That is a pretty hard doctrine.

The CHAIRMAN.—I would not like to say that in all cases, but I think in this case I am right.

*By Mr. Crocket :*

Q. Now, Mr. Brennan, as I cannot get the book just now, I will ask you if you are able this morning to say at what price McEachern was charged for the round timber by the Hughes firm?—A. Yes, I know the price he was charged for the round timber.

Q. What is that?—A. I know the price that he is charged in the ledger.

Q. You know the price that is charged in the ledger?—A. Yes.

Q. What is it?—A. \$3 per ton.

Q. \$3 per ton?—A. Yes.

Q. That is the same price that Mr. McEachern turned the lumber into the government for, is it not?—A. Yes, the same as in that account.

Q. So Mr. McEachern, to whom this order was given by Mr. McFarlane made no profit whatever?—A. Well there was a profit in this way: That is his account is subject to a general cash discount which would apply to lumber and anything else he bought except any money that was charged to him. Of course, there would be no discount on that, but everything else is subject to discount.

Q. So the ledger shows then that the round lumber was charged to McEachern by the Hughes firm at the same figure that it is supplied by McEachern to the government?—A. It is charged at the price I told you.

Q. And the same is true, is it not, Mr. Brennan, of the other supplies?—A. Well I don't know about the others. What do you refer to?

Q. Don't you know what I refer to?—A. Well how many others?

Q. Did you find an item of 821½ pounds of iron at \$2.75?—A. I don't know anything about the quantity. There is several items of iron at \$2.75.



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Q. You cannot tell the quantities without examining the ledger?—A. I did not make up the quantities.

Q. You have forgotten that?—A. I did not make up the quantities. There are a number of items.

*By the Chairman :*

Q. But they are all at that price?—A. All at \$2.75.

*By Mr. Crocket :*

Q. Now the sheathing. Did you find any charges for sheathing, 1,040 feet?—A. I don't remember of running across any sheathing.

Q. What is that?—A. I don't remember having seen any sheathing.

Q. You don't remember having seen any sheathing?—A. No.

Q. What about shingles?—A. There is some shingles charged to him.

Q. At what price?—A. At \$1.50.

Q. The same price as Mr. McEachern turned them into the department. Now spruce boards?—A. There are some boards too.

Q. At what price?

Mr. MACLEAN (Lunenburg).—I do not think the stenographer should take down statements which Mr. Crocket attributes to the witness and incorporates in his questions.

*By Mr. Crocket :*

Q. You know the price is the same as that at which McEachern turned the goods into the department?—A. I would know if I saw the account.

Q. Have you not examined the account?—A. Whose account?

Q. Have you not examined McEachern's account against the government? Did you not prepare the account yourself?—A. I prepared that one you showed me, I don't know about the others.

Q. And, therefore, you know what prices he charged?—A. I know the prices.

Q. Did you prepare the other account that is on the file for supplies?

Mr. MACPHERSON.—You are putting things into the witness' mouth that he does not say.

*By Mr. Crocket :*

Q. You know, do you not, notwithstanding the statement of Mr. Maclean, that this round timber was turned in for the same price?—A. Well, I see now it is \$3.

Q. Yes, certainly. Did you tell us what spruce boards were charged at?—A. The spruce boards are charged at \$12, I think.

Q. \$12?—A. Yes.

Q. The same price that is in the Auditor General's Report? Just look at the Auditor General's Report and see if it is not the same price (handing Report to witness):—A. (After examining Report) that is \$12 there.

Q. Spruce plank, what is that charged at?—A. The only plank I observe in the account is charged at \$15.

Q. The only plank is what?—A. That I see charged in this account is \$15.

Q. Do you know how much that was?—A. I cannot remember any quantity, no, sir.

Q. Spruce straps?—A. I don't remember any straps.

Q. You don't remember any straps?—A. No, sir.

Q. If the ledger were produced we would have a definite statement as to quantities, would we not, and prices?

The CHAIRMAN.—Did McEachern say he bought all these goods from Hughes?

Mr. CROCKET.—Yes.

The CHAIRMAN.—I thought he said that he was not sure about those straps?

Mr. CROCKET.—There is one item that he was not sure about.

Q. Mr. Brennan, I think Mr. McEachern when he gave evidence here stated that

he turned the cheques for these goods right into the Hughes firm, endorsed them over, and I think that he said he gave them to you?—A. Yes, most likely he would.

Q. Do you remember that fact?—A. I don't remember the circumstances but any money he paid in he would likely pay it to me.

Q. There were three cheques produced covering this account and they bore the endorsement of McEachern and J. J. Hughes & Company. Are those cheques entered in the account?—A. Any cheques he gave me or any money he gave me are credited.

Q. Is Thomas McFarlane the manager of this fish drier?—A. George McFarlane.

Q. He was a former partner, was he not, of the firm of J. J. Hughes & Company?—A. He was some years ago, yes.

Q. Some years ago?—A. Some years ago.

Q. While you were the accountant?—A. I was there, I think, about a year during that time.

Q. Then George McFarlane was a former partner of J. J. Hughes?—A. He was.

Q. You were employed by the firm?—A. Yes.

Q. While Mr. McFarlane was a member?—A. Yes.

Q. Mr. McFarlane is still manager of the drier, is he not?—A. He is, I think.

Q. Do you know how long he has been?—A. He has been since it began operations. I don't remember just what year it was now, I think it was 1905. But he has been there since the plant was opened.

Q. From the very beginning?—A. From the very beginning, yes.

Q. Have not accepted orders been given by McFarlane on the firm of J. J. Hughes & Company in connection with the fish drier, in payment of fish or for the payment of men?

Mr. MACLEAN (Lunenburg).—You would not consider that a fair question, would you.

Mr. CROCKET.—Certainly. Mr. McFarlane's accounts are all here. Here is a matter of \$19,000. Has not this committee the right to examine what disposition McFarlane was making of the funds of the government?

Mr. MACLEAN (Lunenburg).—What would the Hughes Company have to do with it?

Mr. CROCKET.—I am finding out what Hughes & Company would have to do with it.

The CHAIRMAN.—I really cannot see how this witness can tell you anything.

Mr. CROCKET.—He is the accountant of the firm of J. J. Hughes & Company, and I am asking him now if he does not know that accepted orders were given by Mr. McFarlane to men for wages and to fishermen for fish.

Mr. MACPHERSON.—Supposing he did do that?

Mr. CROCKET.—Supposing he did? Has this committee not the right to find out whether that is the way these funds are being manipulated?

Mr. MACPHERSON.—You cannot call it a matter of manipulation.

Mr. CROCKET.—When men working for the government were paid by orders upon a private firm?

Mr. MACPHERSON.—If a fisherman wanted to get an order on any company he could do so? It is done every day.

Mr. CROCKET.—I can't find out, as a member of this committee, whether that is the way the public moneys of this country are being used?

Mr. MACPHERSON.—How can you trace the money?

Mr. CROCKET.—I am not trying to trace it, I am asking this witness, who would have the information.

Mr. MACPHERSON.—What difference would it make if the fishermen were to say, 'Give me an order on J. J. Hughes,' or 'Give me an order on J. J. Brown'?

The CHAIRMAN.—Go on, I do not think it will make any difference really.

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*By Mr. Crocket:*

Q. I was asking you that, Mr. Brennan?—A. I think he did give some orders to fishermen; I remember on two occasions he told me he was out of funds, that the funds had been delayed, and he asked us to advance him the moneys, in fact, to pay for some fish which the fishermen wanted immediate payment for. I remember that happening in several cases.

Q. You say that Hughes was financing the fish drier, was he?—A. It was more an accommodation; it was as much a matter of accommodation to the fishermen as to McFarlane.

Q. However, that is a fact; you do know that, that fishermen were paid for fish and labouring men were paid for labour by McFarlane by orders on the Hughes firm?—A. I do not remember paying any orders to labouring men, but I think they were verbal orders he gave me in regard to the fishermen; I think he came in and asked me if I would pay them until such time as he could get funds from Ottawa, but I cannot say that he made a rule of it.

Q. That was done for several men, wasn't it—orders were given?—A. It may have happened several times.

Q. For several men; and Mr. McFarlane, as manager of the fish drier, kept turning money into the Hughes firm, didn't he?—A. He did as I told you; he asked me, as I know, on some occasions to pay these men, that the funds had been delayed, and after he had received the money from Ottawa he used to come in and give me a cheque.

Q. Isn't it a fact, Mr. Brennan, that instead of the way you put it, it is this way, that Mr. McFarlane had advanced money to the Hughes firm, money that he had received, and that when these men's wages fell due, orders were given on Hughes for payment, isn't that a fact?—A. I do not remember any orders for labouring men.

Q. Well, for fishermen?—A. These orders I referred to a few minutes ago are the only orders I can remember, and are all in regard to fishermen. He would come in—

Q. And that occurred very frequently, didn't it?—A. I cannot say it occurred frequently, it occurred several times.

Q. It occurred several times?—A. Yes.

Q. Are you in a position to say how many times it occurred?—A. I could not say.

Q. Wasn't it a fact when these orders were given by McFarlane that the firm of Hughes & Company had previously received money from McFarlane out of the fish drier funds?—A. I can't tell you that.

Q. You cannot say whether that is a fact or not?—A. I cannot say whether such a thing happened or not.

Q. Would the books of the firm show it?—A. The books would show all moneys paid in.

Q. They would show all moneys paid in?—A. Yes.

Q. If that were the fact, would it show it?—A. It would show it; I do not remember any such transaction in McFarlane's account. I do not remember any payment of money at all in such a way as you say.

Q. You don't remember?—A. No, sir.

Q. Now you cannot say how many orders that firm has cashed in that way?—A. I cannot say.

Q. If the firm had cashed the orders there would surely be an entry of the money paid back by McFarlane to the firm, wouldn't there?—A. I say he would come in afterwards, after he would get the funds, or he would tell me that the funds had come and would redeem the order.

Q. By paying them off?—A. By paying in the money.

Q. That is Mr. McFarlane, the manager of the fish drier, would come into Hughes' store and pay over to that firm money that he had received from the government for



running the fish drier?—A. For this fish that I referred to, it was not a general rule at all.

Q. That thing went on for some time, didn't it?—A. It happened several times, I cannot tell how many.

Q. You are not in a position to say whether some of these orders were paid before or after?—A. No, these orders were all paid after.

Q. They were all paid after what?—A. After we had paid them, Mr. McFarlane paid us the amount of the orders afterwards.

Q. Did the Hughes firm never receive any money from McFarlane—

Mr. MACPHERSON.—I maintain that is not a fair question.

*By Mr. Crocket:*

Q. Wait a moment—did the Hughes firm pay all those orders before it received any money from McFarlane?—A. The orders were paid first.

Q. That is all the orders you have spoken of?—A. All the orders were paid first, and he came in afterwards and redeemed them.

Q. Would that transaction be entered in the books?—A. It may not, we may just have held the orders in the meantime.

Q. What would they run to, these orders?—A. It is pretty hard for me to remember now, one man may have a small quantity of fish and another a large lot, I can't remember.

Q. Well, tell me, about how much?—A. Anywhere from \$10 to \$50 the order would be.

Q. From \$10 to \$50—would there be none larger than that?—A. There may be some larger.

Q. The books will show, won't they?—A. These may not have gone through the books; he may have called and asked me to-day to pay these men, and there would be no entry in the books at all, we would keep the order.

Q. You say these transactions might not appear in the books?—A. They might not appear in the books, no.

Q. You live in Souris?—A. I live in Souris.

Q. And McFarlane lives in Souris?—A. Yes.

Q. Did you see McFarlane after you got your subpoena?—A. I did.

Q. Did you talk to him about this investigation here?—A. I talked to him with reference to coming to Ottawa, but I do not think I made any reference to the investigation particularly. I called to see him; he was sick, and I called to see him.

Q. You called to see him?—A. Yes.

Q. To tell him you had been subpoenaed?—A. I told him I had been subpoenaed.

Q. You say he was sick?—A. Yes, he was sick.

Q. When did you call on him?—A. I called on him, I think it was the day before I left the island; I am not quite sure whether it was the day before.

Q. That was at his home?—A. It was at his home.

Q. Was he confined to the house?—A. He was in the house, yes.

Q. Was he confined to the house?—A. I didn't ask him about that.

Q. He was able to get about, don't you know that?—A. He was sitting in the room, or at least, he came into the room shortly after I entered the house. I did not ask him when he had been out, but he looked very bad and complained of several things.

Q. What did he complain of?—A. He complained of his stomach and kidneys.

Q. Did you see the letter he wrote to the committee saying it was a sore throat he had?—A. No, I did not.

Q. And you tell us now he said it was the stomach and kidneys; the doctor says it was grippe, and he says in his letter a sore throat. Did you talk to McFarlane at all on the subject of the inquiry?—A. I do not think we referred to the subject of the inquiry at all.

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Q. Did he tell you he had been summoned to give evidence?—A. He told me he had, yes.

Q. And did he express any intention of coming here? Did he say when he expected to be able to come?—A. He told me that just at present he wasn't able to leave home; I asked him if he were coming up and he said he couldn't think of leaving just now the way he was feeling.

Q. Did you see an article in one of the papers down there saying that his sickness was a sham?—A. Yes, I saw that.

The CHAIRMAN.—That would not be evidence.

*By Mr. Crocket:*

Q. You saw that, didn't you, Mr. Brennan?—A. Yes, I saw that.

Mr. CROCKET.—I think it shows that he is shamming. Now, Mr. Chairman, I am going to ask, in view of this witness' evidence, that the ledger be produced for the examination of James McEachern's account.

Mr. MACLEAN (Lunenburg).—I renew my objection to it. It is just a matter of principle. I have no objection to any man seeing the inside of that ledger. I saw it myself. I told Mr. Crocket myself, on the authority of Mr. Hughes, that after this inquiry is all over we will let him have this book to take to bed with him and sleep over, or let him have it all day. But he is not entitled to the production of this book. It is simply a matter of principle that I am contending for. If Mr. Crocket wants a verification, from the ledger, of these items I will ask you, Mr. Chairman, to let the witness prepare a transcript of the entries in the ledger so that copies may be available for the members of this committee. But Mr. Hughes' private affairs are not before this committee and should not be disclosed to it.

Mr. CROCKET.—I do not want to go into Mr. Hughes' private affairs. The witness has told us that the purchases of Mr. McEachern's for this fish drier are entered in the ledger.

Mr. MACPHERSON.—I think it is a question purely and simply of fishing into Mr. Hughes' books. I do not think this committee has any right to have that book brought here. If I were Mr. Hughes I would not let the book out of my possession. The ramifications of business to-day are such that a man can be doing business with all kinds of people. I say it is not a fair thing to ask that Mr. Hughes' books be brought here.

Mr. MACLEAN (Lunenburg).—The witness will give all the information desired about prices or anything like that.

Mr. CROCKET.—Mr. Chairman, I want your ruling upon that question of the production of the book. I want to know if you refuse to have that book produced in view of the evidence as it now stands before the committee.

Hon. Mr. FOSTER.—That is, you want the book produced for the examination of the items of this account?

Mr. CROCKET.—Only in so far as it relates to public accounts.

Hon. Mr. FOSTER.—Not in regard to any other.

Mr. MACPHERSON.—There is a feeling that an attempt is being made to get hold of Mr. Hughes' books for other ends.

Hon. Mr. FOSTER.—Mr. Crocket does not say that.

Mr. MACPHERSON.—He does not say it and I do not accuse him of it. The principle of the thing is wrong. If you were a merchant and had no dealings with the government you would be the last man to allow your books to be brought here. If in the same position I would do the same thing. I apply the same principle to others that I would in my own case. I say that Mr. Hughes' books cannot have anything whatever to do with this inquiry before the Public Accounts Committee. I speak only as a layman but I could possibly understand that some of these questions might be proper and just for investigation by the Committee on Privileges and Elections. But Mr. Hughes has sold no goods to the government and, therefore, why should his books be brought here and disclosed to the whole of Canada? The principle is wrong

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and I hope the committee will not allow it to go through.

The CHAIRMAN.—I think we have already gone further than we have ever done before in matters of this kind.

Hon. Mr. FOSTER.—There are times when even a man's books have got to be opened and that is when the public good demands it. I have not had much to do with lawsuits or legal investigations, but I know cases in point where all the private transactions, multifarious matters, have been brought in before the court and spread before the examining counsel, nine-tenths of which had nothing at all to do with the case in hand; and that before as eminent jurists as there are in this country. Mr. Crocket does not ask for a fishing investigation to find out other things than with reference to this matter. He asks that the book be brought here and be subject to examination with reference to these accounts. The chairman can easily arrange that. He can appoint a committee of three, if he chooses, to go through the ledger under the guidance of the witness, who knows what the accounts are, and he can have just those accounts and no others examined. Mr. Crocket does not wish, if he agrees to a proposition of that kind, to go beyond that.

Mr. MACPHERSON.—We have instances of it right here when Mr. Crocket picks up this account of McFarlane's.

The CHAIRMAN.—Mr. Hughes is perfectly willing that Mr. Crocket himself should go through the book.

Hon. Mr. FOSTER.—I have not heard this witness before. I am not saying anything against his veracity, and the like of that, but listening to him I think he absolutely knows nothing positively. I ask the members here who have listened to the witness has he made one definite out and out statement?

Mr. MACLEAN (Lunenburg).—How on earth could he when a series of hypothetical questions were put to him?

Hon. Mr. FOSTER.—They were not hypothetical. Many of them were absolute questions on circumstances which have arisen during the last four or five days. The witness does not seem to know anything positively; it is all may have been or might have been. If these accounts are in the ledger why not use them to test. I think that can be easily done and the book brought here, especially as the book has been subpoenaed along with the witness.

Mr. MACLEAN (Lunenburg).—I adhere to my position in the matter, that Mr. Hughes' private ledger has no right to be brought before this committee.

Hon. Mr. FOSTER.—And yet it was stated right on top of that that Mr. Hughes has no objection to it.

Mr. MACLEAN (Lunenburg).—It is the assertion of a principle. I believe Mr. Hughes—I think I can safely say so—would allow Mr. Crocket this afternoon to see the book.

Mr. CROCKET.—That is not the question. I don't want to see the book privately, except as it relates to this matter.

The CHAIRMAN.—If you saw the book privately you might come to the conclusion that you would not want it publicly.

Mr. CROCKETT.—What member of the committee wants to examine into the private accounts of Mr. Hughes or anybody else? Mr. Macpherson talks about exposing these books to the people of Canada. What a ridiculous proposition that is. Nobody wants to expose the books to the people of Canada. What we are interested in is seeing how this public money has been handled. For the completion of this case we want the entries in the ledger.

Mr. MACLEAN (Lunenburg).—What do you want to waste time over this for? The witness has not got the book.

Hon. Mr. FOSTER.—The witness' subpoena ordered the books to be brought. The other day the majority of the committee decided that the book should not be placed on the table. Now, the majority of the committee can easily say that the book shall be produced and the witness examined with reference to it.



## APPENDIX No. 1

The CHAIRMAN.—A majority of the committee say that the ledger is not the book that was subpoenaed.

Mr. ALCORN.—A good deal has been said about the matter of principle with regard to the production of certain books. The principle is that the committee has a right to investigate and obtain all such evidence as is within its reach. Now, this book is within its reach and should be produced in order that we may ascertain whether it contains anything germane to this inquiry.

The CHAIRMAN.—That is a peculiar doctrine.

Mr. ALCORN.—No question arises here about exposing private accounts. As a matter of course, no counsel would think of moving in a matter that was not clearly relevant to the inquiry before the committee. I cannot understand Mr. Maclean talking about a matter of principle. The principle is that the committee has a right to all the evidence that can be reached. I don't think any limit should be placed at all. The committee has an absolute right to any evidence that can be found.

The CHAIRMAN.—If there is any evidence to be found? Are you going to subpoena every person in this country to find out whether they can give evidence?

Mr. ALCORN.—Every person that can give evidence ought to be here.

The CHAIRMAN.—There is no man in this country but you can subpoena on this very item. You are laying down a peculiar doctrine.

Mr. ROCHE (Marquette).—Why was this book brought here, Mr. Chairman?

The CHAIRMAN.—I do not know.

Mr. MACLEAN (Lunenburg).—Mr. Hughes brought the book here and says the committee has no right to it; Mr. Hughes did not sell anything to the government fish drier.

Mr. ALCORN.—You talk about a matter of principle, the principle is all the other way.

Hon. Mr. FOSTER.—If there is any objection at all to bringing the book and having it here, a sub-committee of the committee, Mr. Crocket and two others, might, under the guidance of the man who knows the books, go over the book and pick out such accounts as are relevant to this matter.

The CHAIRMAN.—Yes, but it seems to me you have all that information now. Mr. Crocket says he wants to find out the prices at which these goods were sold by the Hughes firm to McEachern. The witness has told you that.

Hon. Mr. FOSTER.—That is a question of opinion, and it seems rather strange for persons who are defending a case to say, when the prosecution says I want a certain book put in evidence, 'You have plenty without that'; that is no reason.

Mr. MACPHERSON.—We do not say that.

Mr. CROCKET.—It is not only with reference to the prices, but with reference to the orders also.

The CHAIRMAN.—There can be no orders between McEachern and Hughes.

Mr. CROCKET.—But the whole of McFarlane's accounts are before the committee.

The CHAIRMAN.—Then you are going through the whole book?

Mr. CROCKET.—I want to have that question answered in a much more satisfactory way. If the witness had the book in his hand during the whole examination, he could have answered definitely. I will venture to say there is not a legal member of this committee ever knew of a witness being put upon a stand and counsel being required to conduct his examination as to what is contained in certain books that are in his custody without those books being put in his hand when they are available.

Mr. MACLEAN (Lunenburg).—It has never yet happened in Canada that a court would issue a subpoena to a clerk to produce the books of a firm in which he was employed. Generally you ask the man who owns the books to come and produce them.

Mr. CROCKET.—I will venture to say that Mr. Maclean can scarcely give me the name of the proprietor of any business who has been summoned to produce the books and give evidence upon them. It is only the accountant, the man who makes the entries that can give evidence in regard to them, and not the proprietor. If Mr. Maclean does not know that I do not know how he ever got admitted to the bar. This witness told us the other day that he has the custody of the book and he is the only

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man who can give evidence regarding them. If Mr. Hughes were on the stand he could not give evidence as to these entries because he did not make them.

The CHAIRMAN.—That is true.

Mr. MACLEAN (Lunenburg).—My learned friend need not worry about my obtaining admission to the bar, but he must know that there is a well settled principle of law that a ledger cannot prove either a debit or a credit; the ledger is simply a copy of the blotter or day book which contains the original entry.

Mr. CROCKET.—I am going to ask a ruling of the Chairman one way or other on the question. I want to know whether this committee is going to refuse to have that book produced. I want to see the entries as they appear in the ledger.

The CHAIRMAN.—You had better write your motion, I will overrule your question, of course.

Mr. CROCKET.—I think I have a right to the ruling of the chair.

The CHAIRMAN.—I say, I have refused to allow the question; I cannot go back on the ruling and on the decision of the committee at a previous sitting.

Mr. CROCKET.—I move that the Chairman be directed to order the witness to produce the ledger showing the account of James McEachern with J. J. Hughes Company.

Mr. MACLEAN (Lunenburg).—We decided that question the other day.

Mr. CROCKET.—I know, but things are in a little different shape to what they were the other day.

Question put, motion lost.—Yeas 5, nays 7.

Hon. Mr. FOSTER.—Now, then, what about McFarlane?

Mr. CROCKET.—Mr. McFarlane was summoned on two occasions and he failed each time to appear. I think Mr. McFarlane's attendance should be procured.

The CHAIRMAN.—That is if he can come.

Mr. CROCKET.—I do not think the evidence with respect to his non-attendance adduced before this committee is a sufficient excuse. It is certainly contradictory.

The CHAIRMAN.—I agree that Mr. McFarlane should be brought here. I am satisfied he ought to come here as soon as he can.

Mr. CROCKET.—Then what steps will be taken to procure his attendance?

Mr. MACLEAN (Lunenburg).—Was there not a medical certificate produced to show that he was suffering from gastritis?

Mr. CROCKET.—There is what purported to be a doctor's certificate, but it looked more like a copy stating that he had attended McFarlane for four weeks for gastritis. His own statement was that he had a sore throat about four weeks ago, and there is evidence that he has been going about ever since attending to his business as usual.

The CHAIRMAN.—Perhaps the secretary had better wire him and find out.

Hon. Mr. FOSTER.—It ought to be made plain to him that we are not fooling about this.

The CLERK.—Mr. McFarlane has been summoned twice.

Hon. Mr. FOSTER.—Then the only thing to do is to put the matter in the Sheriff's hands?

The CHAIRMAN.—Providing he is in a fit condition to come here.

Mr. CROCKET.—I don't know what the practice is to compel a witness to attend.

The CHAIRMAN.—We can issue a warrant for his attendance.

Mr. CROCKET.—I think if he is really able to attend and refuses to do so a warrant should be sent.

The CHAIRMAN.—I think we have the power to issue a warrant.

Hon. Mr. FOSTER.—When you can compel the attendance of witnesses, certainly.

Mr. CROCKET.—Then I move, Mr. Chairman, that whatever proceedings are necessary to be taken in order to bring Mr. McFarlane before the committee. That is all, so far as I am concerned, this morning.

Witness discharged.

Committee adjourned.

# REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

\$10,021.90 TO THE OFFICE SPECIALTY COMPANY

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908





Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

- \$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.
  - \$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.
  - \$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.
  - \$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.
  - \$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.
  - \$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.
  - \$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.
  - \$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.
  - Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.
  - \$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.
  - \$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.
  - \$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.
  - \$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.
  - \$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.
  - \$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.
  - \$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.
  - \$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.
- and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





HOUSE OF COMMONS,  
COMMITTEE ROOM No. 30,  
OTTAWA, TUESDAY, February 25, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. Clarke, presiding.

The committee proceeded to consideration of the payment of an account amounting to \$10,021.90 to the Office Specialty Manufacturing Company, as set out at page V-53 of the Auditor General's report for the nine months ending March 31, 1907.

Mr. A. G. KINGSTON, called, sworn and examined.

*By Mr. Bennett:*

Q. You are the accountant of the Public Works Department?—A. Yes, sir.

Q. Have you your ledger, or the book which will show the amount paid to the Office Specialty Company in the year 1906-7?—A. Yes.

Q. Will you let me see it? (Book produced.)

Q. Up to the end of the year which closed on the 30th June, 1906, can you give me the figures for that year, please?—A. The year ending 30th June, 1906?

Q. Yes.—A. That is another volume; I understood you to say 1906-7.

Q. What have you there?—A. 1906-7.

Q. Up to what date is that, the 31st March?—A. To the 31st March, 1907.

Q. That is the fiscal year?—A. The fiscal period of nine months.

Q. How much was paid to the Office Specialty Company in that year, please?—A. \$52,264.07.

Q. Is the other book here in the building?—A. Perhaps I should correct that. There are two volumes here for the period ending 31st March, and there is a small amount in the other volume.

Q. How much is there?—A. There is \$121 to be added to the amount I have just given you.

Q. Now, what does this amount of \$53,000 represent? Supplies furnished in what department?—A. Supplies furnished upon the orders of the Department of Public Works for all the departments in Ottawa.

Q. That \$53,000 represents all the supplies from this company that went into every public building?—A. Yes, sir, in Ottawa.

Q. In Ottawa?—A. In Ottawa.

Q. Does it represent what went into the public buildings outside of Ottawa?—A. I should need to examine the account before I could answer that. If they supplied anything for a public building it would be included here. I am not certain whether they have or not (examines ledger.) Yes, I see a small item there for the Hamilton post office, and I see another sum for Hawkesbury and for Saskatoon—several outside buildings.

Q. Have you the book here for the preceding year?—A. Yes.

Q. Let us have the amount now, please, for the year ending 30th June, 1906.

Mr. PARDEE.—There are only two items that are asked for, it has not been in connection with all the public buildings all over Ontario. I have no objection to going into them all, but I think in future Mr. Bennett ought to tell us what items he is going to take up, so that we would know.

*By Mr. Bennett:*

Q. What is the amount for the year ending the 30th June, 1906, please?—A. The total amount paid to the company, the sum of the two ledgers is \$69,559.51 and \$293.72.

*By Mr. Reid (Grenville):*

Q. That is the total for the year?—A. That is the total for the year.

*By Mr. Bennett:*

Q. That is about \$69,850 in round figures?—A. Yes.

Q. Is there only one account kept there for the Office Specialty Company's supplies, one ledger account?—A. There are two in these two volumes.

Q. Can you speak positively as to this fact, that all the accounts paid by this department to the Ottawa Specialty Company go through these ledgers?—A. For all goods sold by that company to the Department of Public Works.

Q. Well, assuming that they are sold to the Department of Railways and Canals?—A. They are not sold to the Department of Railways and Canals.

Q. But assuming that any were sold to that department?—A. They would not appear here.

Q. Now, assuming that they were sold to what is known as the Railway Commission, will they appear in that account?—A. They should, the regulation is that the Department of Public Works supplies all furniture for all public buildings belonging to the government.

Q. And all fittings, too?—A. And all fittings. If any other department should buy them I believe that the Auditor General would find it his duty to return the account and tell them they should not buy the goods.

Q. We will let it go at that, then, that is all I want to ask you.

WITNESS.—Pardon me, Mr. Chairman, am I at liberty to remove my books now?

MR. BENNETT.—So far as I am concerned that is all I want to-day.

THE CHAIRMAN.—Yes, the witness is discharged.

D. EWART, Chief Architect Public Works Department, called, sworn and examined.

*By Mr. Bennett:*

Q. How many years have you been in the department, Mr. Ewart?—A. In about another month it will be 37.

Q. In the course of that time, what has been the practice of the department as to supplying the different public offices here in the city and public buildings outside with what can be termed 'fittings'?—A. Well, it has been the practice that if it was for any amount, as a rule, tenders were invited.

Q. Tenders were invited?—A. Yes.

Q. Then it all came under review of the Public Works Department?—A. Yes.

Q. Now, for many years you were deputy?—A. Yes, sir.

Q. Now, while you were deputy was it your special business to look after this question of fittings in buildings?

HON. MR. PUGSLEY.—You say 'deputy,' was he deputy minister?—A. No, deputy architect.

Q. That will be assistant to the chief architect?—A. Assistant to the chief architect, yes.

*By Mr. Bennett:*

Q. Was it your particular duty at that time to look after this question of fittings for offices when a request was made by any particular department?—A. That formed part of the work I had to do.

Q. That was part of the work you had to do?—A. Yes.

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Q. Supposing a request came from say, the Post Office Department, twenty years ago, if they wanted some shelving placed in position in their office, whose business was it to go and look over it, make a sketch and give an idea of what the cost would be?—A. That was the duty of the clerk of works at that time. It was principally wooden shelving then and a case of that kind would go to the clerk of works; it was very often made in the workshop.

Q. Coming down to say the last ten years, after the introduction of the so-called steel fittings?

Hon. Mr. PUGSLEY.—Why do you say ‘so-called’ steel fittings, do you suggest that they are not what they purport to be?—A. Some people would say they are tin—they are pretty thin, and most people naturally would call them tin.

*By Mr. Bennett:*

Q. Did it fall within your duty to have the ordering of these?—A. Well, it fell under my duty in this way: of course as a rule a plan was prepared and an estimate was got and it was reported to the department and authority asked, and when it was authorized I was the party to order it.

*By Mr. Pardee:*

Q. You gave the specifications and so forth?—A. We gave the specifications.

*By Mr. Bennett:*

Q. How would this requisition come in?—A. For instance, here is one here. (Producing document.)

Q. This is from the Post Office Department, dated April 30, 1906:

‘Sir,—I beg to enclose herewith blue prints showing the steel fittings, desks and other appointments required in connection with the accountant’s branch of this department which it is proposed to install in the room at the south-east angle of the Langevin Block. The dotted lines in the blue print show the old fittings, while the complete lines, full strength, indicate the additional fittings required. It is also requested that prisms be inserted in the upper halves of the windows in order that the lighting of this room may be improved.

‘The floor over the driveway at rear of building requires to be made tight and waterproof in order that that portion of the building may be comfortable for the staff. I am given to understand that at the present time the floor space over this area is quite too cold to admit of its being used for office purposes.

‘I would further request that the Herst lamps be used in this room and that the walls be well washed and painted white, and that provision be made for wardrobes or such other appointments as may be necessary for the proper care of the clothing belonging to the staff.

‘The work is urgently needed, and I am desired to express a hope that it will be placed in hand at as early a date as possible.

‘I have the honour to be, sir,

‘Your obedient servant,

‘C. H. LASCHINGER,

‘Acting Deputy Postmaster General.’

After the receipt of this letter did you go there and look over this room?—A. No, I did not. I sent one who did that, we measured it all up and we prepared plans that I have here.

Q. Were you ever over there to look at the place yourself?—A. No, not in that particular case.

Q. Can you recall a case where you did go to see the work that was to be done?—A. Well, yes, I can recall a case.

Q. Then instance me a case?—A. That is the Railways and Canals Department.



Q. What was the nature of the work required to be done there?—A. It was fitting up the new record room.

Q. The new record room?—A. Yes.

Q. Then that room had not formerly been supplied with shelves?—A. None, whatever.

Q. Can you recall a case at all where there were shelves and they were superseded with new steel fittings?—A. Well, no, I do not.

Q. You cannot recall a case?—A. No, because I do so little of that work now, I haven't time to do it. Others have done it.

Q. Tell me, what is the name of the subordinate who goes around and inspects the wooden shelves before they are taken out and superseded?—A. They never are taken out—wooden ones, I do not know of any that have been taken out; it is altogether expansion. You take the Department of the Interior, all those steel fittings we put in there did not replace wooden ones at all.

Q. Then there have not been any wooden shelves replaced by steel fittings?—A. I do not say that there haven't been any, but there are very few to my knowledge.

Q. Have you never seen wooden shelves lying around outside on the snow this winter?—A. Yes.

Q. And a pretty considerable quantity of them?—A. No.

Q. What becomes of these wooden shelves in the meantime?—A. They are very often sold—generally speaking there is an annual sale, all those things are collected together and they are sold by auction.

Q. About what year was the commencement made of placing a large number of these steel fittings in the buildings?—A. I think, I could not say accurately, but I think it is from fifteen to twenty years since they started.

Q. You say it was fifteen or twenty years ago they commenced placing these steel fittings?—A. What I mean to say is that odd things were purchased at that time, the thing grew gradually.

Q. Did they run twenty years ago to upwards of \$70,000 in the year?—A. No.

Q. It was nearer \$70 than \$70,000, I suppose?—A. Oh, no; a man can't get much steel for \$70.

Q. Up to 1896 were there many of them supplied?—A. Well, you know, I can't just answer that question right off. I do not remember, I would have to make some search.

Q. Do you remember that in 1906 they started to come in pretty rapidly?—A. I think it has just been gradual. I do not think it has been very rapid, but a gradual development. There are so many new offices. The Department of the Interior was the department that got the first cases of any importance, and those were the cases for filing the papers for the patents in the Lands branch.

Q. What were they filed in, before?—A. They didn't require to file them because it was for the new lands in different parts, it was something new altogether.

Q. Can you recall any buildings that have had the old shelving removed and superseded by these steel ones?—A. No, I do not recall accurately, not one.

Q. Tell me the name of this official who has charge of the sale of the old fittings?—A. It is publicly advertised.

Q. Who is the official who has it in charge?—A. Mr. Shearer.

Q. How long has he been in the service, about two years?—A. No, he has been more than that, I think he must have been about six or seven.

Q. Then whenever there are new fittings required for any building it always comes from the Public Works Department—at least the requisition asking that the work be done comes from the particular department that requires it?—A. The particular department that requires it makes a requisition to the Public Works Department, and if it is an important piece of work, such as this for which I have the plans here, I send one whose special duty it is to attend to this class of fittings to measure the place, prepare the plans and specification and then tenders are called, as a rule.

Q. Now coming down to the tenders we have here, in one year, about \$70,000 worth

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supplied by the Office Specialty Company. Where are its headquarters situate?—A. I understand at Newmarket.

Q. You understand at Newmarket? You never were at Newmarket?—A. I never was at Newmarket.

Q. Have you ever met any gentlemen who are connected with this company?—A. Well, he has called at my office—the representative.

Q. Have you ever met George M. Reid of London, one of the said directors of the company?—A. I have met George M. Reid, but never knew he was a director of the company until you told me now.

Q. You never knew that George M. Reid, of London, Ont—By the way, who is George M. Reid? Has he any relatives in the city do you know?—A. I do not know personally, I have heard that he has a brother.

Q. What does his brother do here in the city—Oh, you know, tell us quick.—He is one of the National Transcontinental Railway Commission, isn't he?—A. Yes.

Q. Have you ever met Mr. Reid of the National Transcontinental Railway Commission?—A. Never.

Q. Have you ever met George M. Reid, the director of this company?—A. He has called on me at the office.

Q. What for?—A. To shake hands and ask how I was, that is about the principal thing.

Q. When did these visits of Mr. Reid to see how you were, commence.

The CHAIRMAN.—Do you know that Mr. Reid has any connection with this transaction?—A. None, whatever.

*By Mr. Pardee:*

Q. You did not know he was connected with this company?—A. No, I did not.

The CHAIRMAN.—I do not think we ought to go into this.

*By Mr. Bennett:*

Q. How long have you known Mr. George M. Reid?—A. Perhaps fifteen or twenty years, I have known him that time.

Q. And you say that you never knew that this Mr. Reid was in any way connected with the company?—A. I never knew that he was connected with the company.

Q. It is a surprise to you to know he is a director of the company?—A. It is no surprise to me, because it is a thing that does not concern me and I do not need to be surprised about it.

Q. Well, you are positive you never knew he was a director of the concern?—A. Perfectly positive.

Q. Coming to another stage, did you know he was just a stockholder in the company?—A. I never knew that he had one share in it.

Q. Did you ever know that his brother, who is on the Transcontinental Railway Commission, had any interest in it?—A. No, I did not know one solitary stockholder in the company.

Q. You did not know any of the stockholders?—A. Not one solitary stockholder.

*By Mr. Reid:*

Q. Who represents the company here?—A. They have a representative in Ottawa, he is the man I generally have had to do with.

*By Mr. Bennett:*

Q. What is his name?—A. It is Mr. Houghton.

Q. Let us come down to the question of the \$70,000 worth of supplies furnished in one season, that is in the year 1906. You say tenders would be invited for those supplies?—A. I would suppose, for the amount of them. Of course I was summoned in reference to one particular thing and I took that up. I have the plan and speci-

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fications here with regard to that. But I did not know I would be asked in regard to other questions.

Q. It is a very pretty plan and we will have a look at it. Now in reference to this \$70,000 worth that were sold in one year by this company to the department what percentage of that would have been sold without tender and what percentage with tender?—A. I can't tell you that.

Q. You have no idea?—A. No.

Q. You haven't the faintest idea?—A. Not the faintest idea at all, I can go over the papers and ascertain.

Q. When you come back some other day we will have your memory refreshed perhaps. We will come down to the tender system in vogue. What was the tender system. When you wanted to ask for tenders for items of, say, \$20,000 odd, what was the system in vogue for asking for tenders?—A. We will take this case here which I have specially in my mind. The system is the same as in the past, and there were three parties invited to tender, and each was given a plan and specification the same as I have here.

Q. Who were these three parties who were invited to tender?—A. The Eclipse Manufacturing Company in Ottawa, the Office Specialty Company in Toronto, and a Gananoque company.

Q. Who did you see on behalf of the Eclipse Company? Was it Mr. A. W. Fraser, barrister, of this city?—A. No, what we do in a case of this kind, is that we send them a plan and specification with a letter asking them to give us a tender.

Q. Who would that letter be addressed to now, would it be Mr. Fraser, a barrister, here?—A. I have heard of him, but I don't know him to speak to.

Q. You don't know him personally?—A. No.

Q. Then a request was sent to each one of these three companies—tell us who each of these companies was?

*By Mr. Pardee:*

Q. He has just told you.

Mr. BENNETT.—No, he didn't tell me the third one.

Mr. PARDEE.—Yes, he did, it is the Gananoque Company.—A. That is the notice we sent (handing in document.)

'July 28, 1906.

'W. E. HOUGHTON, Esq.,

'Agent for the Office Specialty Mfg. Company,

'Sparks St., Ottawa, Ont.

'I am sending you, herewith, plans and specifications for the removal of steel cases and contents from room No. 112 to room No. 100, ground floor, Langevin block, and also for additional fittings for the Accountant's Branch, Post Office Department, Ottawa.

'Please let me have your price for this work, tender to be received at this office on or before the 7th August proximo.

(Sgd) 'D. EWART,  
'Chief Architect.'

'L. W. HUTCHISON, Esq.,

'Wellington St., Ottawa, Ont.,

'The Eclipse Mfg. Co.,

'Ottawa, Ont."

*By Mr. Bennett:*

Q. This is a copy of the notice sent to L. W. Hutchison, is he a son of William Hutchison that goes around to the fairs?—A. Yes.

Q. Who is the Gananoque Company?—A. I do not know.



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Q. Are they represented in Montreal by a party named Miles?—A. I don't know.

Q. Now, you sent to Hutchison one of those circulars?—A. Yes.

Q. And you sent the other two companies, circulars?—A. Yes.

Q. On that particular one, Hutchison did not get a notice, as I understand you, the Office Specialty got that?—A. Oh, no, there were three notices; that notice went to Hutchison and to the Eclipse Manufacturing Co., as well as to the Office Specialty Company. It was copied in triplicate.

Q. On this particular work referred to, who were the three that received notice?—A. These three companies, the Office Specialty Company, Mr. Hutchison for the Gananoque Company, and the Eclipse Manufacturing Company, Ottawa.

Q. We understand it now, Mr. Hutchison represents the Gananoque Company?—A. Yes.

Q. We have the three companies dealing with the department, the Eclipse Company, which we will find out later on one of these days who composed that; the other is the Reid Company at Newmarket, and there is the company which Mr. Hutchison represents.

Mr. PARDEE.—I do not think you have any right to say that it is the Reid Company.

Hon. Mr. PUGSLEY.—It is not the Reid Company.

Mr. BENNETT.—Mr. Reid is in it all right.

*By Mr. Pardee:*

Q. You do not know anything as to its being the Reid Company, witness?—A. No, nothing whatever.

*By Mr. Bennett:*

Q. Now, Mr. Ewart, what is the system under which this company derives sales amounting to \$70,000? Was the system similar to what you have just stated, that there were simply circular letters sent out?

Mr. PARDEE.—He does not say that at all.

Mr. BENNETT.—I will be particular, I will say some of the \$70,000.

Hon. Mr. PUGSLEY.—The witness has stated that in most cases tenders were asked for, but he would not be sure as to all.

*By Mr. Bennett:*

Q. We will go back again. As the minister says, then, you say, Mr. Ewart, that in most of the cases tenders were called, or do you say that?—A. I believe that, from my present recollection I would say that in most cases tenders were called.

Q. Will you say that tenders were called in the case of 75 per cent of that amount?—A. I could not say that.

Q. Will you say that tenders were called for 50 per cent? Will you say that tenders were called for 40 per cent? Will you say that they were invited to put in tenders for 30 per cent?—A. Well, for how long a period?

Q. Perhaps you had better find it out and tell us when you come back, but in the meantime you would not like to let it go on record that tenders were invited in most cases?—A. I am talking recently, that is, perhaps, for five or six years—and I will say that in most cases tenders were called, but before that I would like to say so positively.

Q. But you think that in recent years they have been inviting tenders?—A. Yes, they have been inviting tenders.

Q. I think the warring elements have been fighting, each one for his own, recently.

Hon. Mr. PUGSLEY.—Hadh't you better ask questions, Mr. Bennett, instead of making speeches.

Mr. BENNETT.—It is a matter of taste, I will ask questions to suit myself.

*By Mr. Bennett:*

Q. Now, Mr. Ewart, have you travelled through the States, visiting office buildings?  
—A. A few.

Q. Have you seen these fittings in office buildings there?—A. Yes, I have seen them there.

Q. Are they like the goods you see here?—A. I think that the fittings made in Canada are as good as those made in the States.

Q. Have there been tenders invited for amounts running up to \$20,000—have there been any cases where tenders amounting to \$20,000 have been invited?—A. Oh yes, I think there have been.

Q. Are any advertisements placed in the public papers asking for tenders?—A. Sometimes.

Q. Name me a case where there was one?—A. Yes, when calling for tenders for the fittings of the record room of the Department of Railways and Canals.

Q. Will you take a note of that and please bring us a copy of that advertisement when you come back next week?—A. Yes, I'll do that, I don't know whether I have it.

Q. In what paper was that notice inserted, as far as your recollection takes you?  
—A. That does not come under me.

Q. Would it not be advertised for by the Public Works Department?—A. Well, it is the secretary who looks after that, I do not have anything to do with that.

Q. That is one case you can recall where notices were placed in the newspapers?  
—A. That is a case where I looked it up this morning.

Q. Then it is right fresh in your memory. Was it advertised in the American papers?—A. Remember, I cannot say in what papers it was advertised, because I have nothing to do with it.

Q. What did you glance at this morning when looking it up?—A. I turned to the book that I put all the advertisements in. I knew that we had advertised for that and I wanted to find it.

Q. Have you a copy of that advertisement there?—A. I haven't it here.

Q. In what paper was it advertised? Was it that great family journal, the *Ottawa Free Press*?—A. That I don't know anything about.

Q. You will have to look that up again and find out. Apart then from this one particular case of this expenditure you can only recall one case where public competition was invited by notice in the paper?—A. Well, at the present time that is all.

Q. At the present time. Speaking from memory what would be the account of the Eclipse Manufacturing Co.? Would it be on a parity or level with this account of the Office Specialty Company? Do they get as much supplies as that company?—A. I would say they do not get as much, because they do not supply as large a number of articles. You take the post office boxes, this Office Specialty Company supplies a great deal of boxes for the Post Office Department, and Post Office fittings which the Eclipse Company does not.

Q. Supposing the department is calling for tenders for repairs to a post office building, is that a lump contract?—A. As a general rule it is.

Q. And the contractor, whoever he was, would go and buy post office boxes where he liked?—A. No, in all cases in the Department of Public Works the fittings—it is a sort of special work—tenders are always invited for them separately.

Q. Tenders are invited separately?—A. Yes.

Q. Was it ever the practice on the construction of a public building to call for a lump tender and the contractors to supply the boxes themselves?—A. Well, the boxes so far as I can remember were never included in a bulk tender.

Q. The boxes were never included in a bulk tender?—A. No.

Q. I have seen boxes in a post office with the letters 'D.C.' on, do you know what that means?—A. I suppose it means 'Dominion of Canada.'

Q. Were they Canadian made?—A. Yes, Canadian made.

## APPENDIX No. 1

Q. I understood that was 'District of Columbia,' has it been the practice to bring in these boxes from the States for a number of years?—A. I have no recollection of a box ever having been brought in from the United States.

Q. You have no recollection of any box having been brought in from the United States?—A. No, we got boxes for samples.

Q. Under this system of inviting three tenders, can you recall a case where there has been a tender for \$20,000 worth of supplies or thereabouts?—A. Well, I scarcely understand what you wish.

Q. I will recall the case of the metal fittings for the Department of Railways and Canals?—A. That was by public advertisement.

Q. Are you sure of that?—A. Perfectly sure.

Q. Did you get any American offers for that?—A. None whatever.

Q. What tenders did you get?—A. I just got the three.

Q. Which newspapers was that advertised in?—A. I can't answer that question, because I had nothing to do with it.

Q. You are positive that is a case where there were public tenders called?—A. Yes, positive.

Q. It was publicly advertised in the newspapers, and your memory is good?—A. Yes, my memory is good for that.

Q. I have here (Reads)

'PUBLIC WORKS, CANADA,

'CHIEF ARCHITECT'S OFFICE,

'OTTAWA, September 12, 1906.

'Memo. to Hon. C. S. HYMAN,

'Minister of Public Works.

'*Re metallic fittings, Department of Railways and Canals.*

'According to instructions the following parties were invited to submit tenders for the metal fittings for the Record Room, Department of Railways and Canals, and prices have been received:—

'L. W. Hutchison.. . . .	\$16,339 90
'Office Specialty Company.. . . .	21,970 00
'Eclipse Manufacturing Company.. . . .	22,300 00

'I inclose schedule and tenders.

'D. EWART,

'*Chief Architect.*'

B.O.M.

'The lowest tender has been accepted.'

Q. That is your handwriting?—A. Yes.

Q. And that is the worth of your memory, is it, what you have just stated, because you have just told me that the advertisements were placed in the public newspapers and in this letter, over your own handwriting, you say, 'According to instructions the following parties were invited to submit tenders,' and then you give the names of these three tenderers. How do you reconcile that with your statement that there was an advertisement placed in the newspaper?—A. Well, I will have to get the details, that is all I know.

Q. Do you say that what was in your own letter, over your own signature, was correct, as a matter of fact—or what do you state?—A. I listened to what you said.

Hon. Mr. PUGSLEY.—He says that an advertisement was inserted in the papers.

*By Mr. Reid (Grenville):*

Q. Do you still swear it was advertised in the public papers?—A. I will say that as far as my memory serves me it was advertised in the public papers, I can produce the advertisement.



*By Mr. Bennett:*

Q. Then what is your explanation of this? You say, 'According to instructions the following parties were invited to submit tenders,' you have addressed this letter to Mr. Hyman. Were these instructions received from Mr. Hyman? What do you assume from the fact that you have addressed the letter to Mr. Hyman—that it was he who gave you the instructions?—A. Oh, certainly, he was there to give instructions.

Q. What were your instructions? Is your letter right, that you were to ask these three parties for tenders?—A. I thoroughly understand the letter, there is no question about that.

Q. Then Mr. Hyman asked you to get tenders from these three parties, is that it?—A. I would need to see that advertisement, I would have to look into that; I would like to see the advertisement.

Q. In this case, who received the work?—A. Do you mean who inspected the work?

Q. I say, who received the tender for the work?—A. As a rule they are addressed to the secretary.

Q. I do not mean the tenders themselves, but, I say, who was the successful tenderer?—A. In that case there?

Q. Yes?—A. I think, if I remember right, it was Mr. Hutchison, the Gananoque Company.

Q. That is your recollection, that it was Hutchison got the contract? I am just going to test your memory on that.

The CHAIRMAN.—If you want to go into that I think you should summon him again so that he can look into the matter.

Mr. PARDEE.—I think it is only fair he should be instructed as to the items on which he is going to be examined—he should have notice.

Mr. BENNETT.—He cannot have any better opportunity to refresh his memory than by having the documents before him. Here is a letter of the 10th of August, 1906, that I think I will put in, addressed to the Hon. C. S. Hyman, Minister of Public Works:—

*'Re Metal fittings for the Accountant's Office, Post Office Department:*

*'In accordance with instructions, on the 28th ult., the following named firms:*

*'The Office Specialty Mf'g Co., Toronto,*

*'The Eclipse Mf'g Co., Ottawa,*

*'Mr. L. W. Hutchison, Ottawa.....were asked to tender for the taking down, removing, fitting up and supplying the additional metal fittings required as per plans and specifications prepared by this department, and two tenders, only, have been received, as follows:—*

*The Office Specialty Mf'g Co. . . . . \$10,021 90*

*The Eclipse Manufacturing Co. . . . . 10,113 00*

*'Shall I accept the lower tender?*

*'D. EWART,*

*'Chief Architect.*

*'O.K.—C.S.H.'*

Q. Why do you put that in, asking the minister whether you shall accept the lower tender when there are two tenders?—A. Well, I think it is a reasonable enough question to ask.

Q. You consider from the procedure of the department that that was a reasonable question to ask?—A. I think it is a reasonable question to ask at any time.

Q. At any time?—A. That is what I think.

Q. This one, of course, was not advertised?—A. No, that one was not advertised.

Q. Now, were you ever consulted at all as to making these changes?

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Hon. Mr. PUGSLEY.—Don't you think it is proper now that you have put in that letter, to put in the whole of it. I think you should also put in,

'Lower tender accepted according to authority.

'D. EWART,  
'Chief Architect.'

Mr. BENNETT.—That is all right—the only point I am asking for is why he asked the Minister if he should accept the lower tender.

Hon. Mr. PUGSLEY.—Because it was the usual practice.

Mr. BENNETT.—He does not say that.

The WITNESS.—I say it now, I asked because I wanted to get an answer.

*By Mr. Bennett:*

Q. Very well, now, has the lowest tender always been accepted on this class of goods?—A. As far as I remember, it has, yes.

Q. That is as far as you remember?—A. Yes.

*By Mr. Sinclair:*

Q. It is not your duty to decide who shall get the contract?—A. No, I do not decide on the tenders.

*By Mr. Bennett:*

Q. Who does decide?—A. I suppose, the minister or the deputy.

Q. The minister or the deputy?—A. Or the deputy.

*By Hon. Mr. Pugsley:*

Q. Just pardon me one moment—under the law it is not the duty of the minister to accept the lowest tender, unless for special reasons, which must be submitted to Council, the Council decides otherwise?—A. I never knew anything else but that the lowest tender was accepted.

*By Mr. Reid (Grenville):*

Q. Not every case is submitted to Council, but where the lowest tender is not accepted?—A. That is what I understand, but of course these are matters I do not deal with.

*By Mr. Bennett:*

Q. Now, here is your letter—that is to say, is your signature—dated the 8th of December, 1906:

'In accordance with the instructions of the Hon. the acting Minister of Public Works, I have awarded to the Office Specialty Mfg Co. the work of making and installing the steel fittings required for the Department of Railways and Canals at a cost of \$21,970.90, according to their tender of the 11th Sept. last (in Ref. 294989), this tender being the next lowest. Case A is to be supplied in six weeks from date, and the balance of the fittings are to be installed complete by the 15th March next.

'D. EWART,  
'Chief Architect.'

Why was not the lowest tender accepted in that case?

Mr. PARDEE.—Read the correspondence leading up to that, I think that is fair. It is all there, it shows that the next man, who was the lowest tenderer, withdrew, so they had to give it to the next highest tenderer to fulfill the contract.

*By Mr. Reid (Grenville):*

Q. Do you ask for an accepted cheque to accompany the tender?—A. Not in all cases.

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Q. Is it not usual in these cases?—A. No, so far as I know, they have never asked for a deposit for that class of work, fittings.

Q. What other work do they ask for a deposit on?—A. For such work as a contract for a building.

Q. But only for a building?—A. Yes.

Q. But in the way of supplies, they never ask for an accepted cheque?—A. That is, not as far as I know. Not as long as I have had anything to do with it.

*By Hon. Mr. Pugsley:*

Q. In the whole of your thirty-seven years' experience?—A. I have never heard of it.

*By Mr. Reid (Grenville):*

Q. Is there any exception to the rule?—A. The rule was never made, so far as I know.

Q. Does not your advertisement speak about an accepted cheque?—A. Not that I know of, but you will see by the advertisement.

*By Mr. Bennett:*

Q. On the construction or erection of a public building, is a marked cheque required there?—A. A marked cheque, yes.

Q. Where the amount is under \$20,000?—A. A marked cheque—it is not a matter of estimate, as far as I know.

Q. Can you recall any case prior to 1896 of any contract for fittings that ran up to \$20,000?—A. No.

Q. Or \$5,000?—A. Oh yes, lots of them; take a post office building, take, for instance, the Hamilton post office, that was about \$10,000.

Q. And there was no security required there?—A. No, no security required.

Q. Who had the contract for that?—A. I think it was Vanallen & Brown.

*By Mr. Zimmerman:*

Q. Yes, and without tender, too, without contract.

*By Mr. Bennett:*

Q. On December 5, 1906, I find this letter:—

‘OTTAWA, ONT., Dec. 5, 1906.

‘The Hon. Min. of Public Works,

‘Ottawa.

‘DEAR SIR,—In reply to your favour of December 4, I beg to say that owing to the forced liquidation of the Canada Cabinet Co., Ltd., at Gananoque, I have been unable to have the steel work for the Record Room for the Dept. of Railways and Canals put in hand, and as I cannot definitely promise when I can deliver these goods, I would deem it a favour if you would kindly release me from the obligation, and thereby insure the department of getting the work in a definite time.

‘I remain, yours very truly,

‘L. W. HUTCHISON.’

Now, were tenders then called again?—A. No, I think not.

Q. And the tender was given to the Office Specialty Company?—A. The next lowest tender, I understand, from memory.

Q. I think this file shows that: ‘In accordance with the instructions of the hon. Acting Minister of Public Works, I have awarded to the Office Specialty Manufacturing Company the work, &c.’ that is your letter of the 8th December, 1906. Who was the acting minister referred to there, Mr. Hyman?—A. No, I do not think so.

Q. Who was the acting minister at that time?—A. I think it was Mr. Fisher.



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Q. On the 8th December, 1906?—A. I think it was Mr. Fisher.

Q. However, new tenders were not called for and the contract was given for \$20,000 without any further tenders being invited?—A. Yes.

Q. Have you ever received tenders from any concerns outside these three companies?—A. Yes, what was done in the department, I think, for that same work was that a set of plans and specifications was sent to the chief architect at Washington and he was asked to be good enough to get prices and let the department know.

Q. For this particular work?—A. Yes, I think for that particular work, and he did that.

Q. Over your hand here you say, 'According to instructions the following parties were invited to submit tenders.'—A. Remember this, we asked the chief architect at Washington if he would be kind enough to let the department know what these same fittings would cost in the United States.

Q. Will you take a note and let us have a copy of that letter?—A. Yes.

Q. How is it that is not on the file?—A. That was for our private information.

Q. So that when a return is brought down here there is a private file at the office which is not brought down?—A. No. Suppose I want to get some information in order to know what other people are paying for things, what the value of an article was, surely there is nothing wrong in doing anything of that kind is there?

Q. You have that letter?—A. Yes, the letter is in the department.

Q. What did they advise you?—A. I think they said about \$18,000.

Q. About \$18,000?—A. Yes, that is speaking from memory.

Q. Did you invite tenders over there?—A. No, we did not.

Q. Had you those figures at that time from this company?—A. Yes, we had those figures—no—well, I could not say.

Q. You are aware whether you had them or not?—A. Well, I will not say until we get the papers.

Q. Didn't you think there was a great disparity between those tenders, \$4,000?—A. Well, when the company failed it showed that they were not making much profit anyway.

Q. That might have been, but companies do not always fail for that reason?—A. And the other two were very close.

Q. Yes, the other two were very close?—A. Yes.

*By Mr. Reid (Grenville):*

Q. Mr. Bennett asked you if, when you inserted this advertisement in the papers, you had received any tenders from any other firms in Canada other than the three named?—A. No, no other firms tendered.

Q. You never received tenders from other firms even when the advertisement was inserted in the public papers?—A. Even with advertisements in the newspapers.

*By Mr. Pardee:*

Q. Are there any other firms making this class of goods in Canada?—A. Not that I know of.

*By Mr. Reid (Grenville):*

Q. Did you ever make inquiries whether they did or not?—A. I cannot say I have, except in general conversation, but I am pretty sure that there are no other people making these goods in Canada, because they have to have a very expensive special plant to do so.

Q. You are sure there are no other people in Canada making desks, for instance, besides these three firms?—A. I am not talking about desks.

Q. What I am getting at is that these firms supply other goods besides fittings?—A. Oh, yes.

Q. And I asked the question that when you have advertised for goods supplied by these firms, no matter whether it is this kind of fittings or not, you never received

any other replies from any other firms?—A. Not for what we call steel files. So far as desks are concerned, the department does not buy very many from them; they buy from other parties as well.

Q. Did you ever advertise for desks?—A. Not to my knowledge.

Q. You never advertised for anything of that kind?—A. Not to my knowledge.

Q. You had a list supplied by either the minister or the deputy minister of persons from whom you were to purchase these goods without tender?—A. No, I can't answer that question.

Q. You can't answer that question?—A. No, we have—what is the question?

Q. Did you have a list of those three names supplied to you as the persons from whom you were to purchase these supplies, desks and other supplies of that kind?—A. Yes, we had the list of those three.

*By Mr. Zimmerman:*

Q. Did you recommend these names to the department?—A. Oh, no.

*By Mr. Reid (Grenville):*

Q. Did you have the names of any other firms or persons you were to buy desks from?—A. We have the names of quite a number of people who supply desks, but that is a very different thing from steel files.

Q. I notice the Office Specialty Company, and the Eclipse Manufacturing Company, supply a large quantity of goods to the department?—A. Yes, I know.

Hon. Mr. PUGSLEY.—These were special office fittings, steel cases, something only made by these three firms in Canada; therefore do not confuse it with the question of desks.

*By Mr. Reid (Grenville):*

Q. As I understand you, you swear that these are the only three firms in Canada that made these goods?—A. Those are all that I know of.

Q. All that you know of?—A. All that I know of.

Q. You say you have made inquiries to find out?—A. I made no special inquiry because, generally speaking, if people have goods to sell they are always after the department to buy them.

*By Mr. Law:*

Q. And if there had been other people manufacturing these goods when the tenders were called for they would be very likely to apply, wouldn't they?—A. Yes.

Hon. Mr. PUGSLEY.—What Mr. Ewart says is that when people have articles that they desire to sell or that they think the department want they are constantly communicating with the department.

*By Mr. Reid (Grenville):*

Q. Would you bring also a list of the papers in which the advertisement for this particular item was inserted?—A. Well, I had nothing to do with that, that is not in my branch.

Mr. REID.—Perhaps the Minister of Public Works would submit a memorandum of that?

*By Mr. Bennett:*

Q. Let us go back to your memory again. Didn't you tell us that in this case these fittings for the Railways and Canals Department were advertised for through your department?—A. That is my belief.

Q. That is your belief?—A. Yes.

Q. Can you recall a case at all where fittings of that class, steel fittings, have been put in by any company outside the Office Specialty and the Eclipse in the past ten years?—A. Yes, I can, the Gananoque Company.

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Q. Those are the friends of Mr. Hutchison. Can you recall a case otherwise in all your experience in the last ten years, outside of these three companies, the company represented by Mr. Hutchison, the Eclipse or the Office Specialty Company, that contracts have ever been given to any one else?

Hon. Mr. PUGSLEY.—For what?

Mr. BENNETT.—Well, horses—we are talking about horses, are we not?

*By Mr. Pardee:*

Q. Desks or steel fittings?—A. Steel fittings, no, I can't.

*By Mr. Law:*

Q. Were they manufactured in Canada previous to 1896?

*By Mr. Bennett:*

Q. Do you think there were none of these steel fittings made in Canada prior to 1896?—A. I don't say that; I do not think there were; but in any event not so many as lately.

*By Mr. Reid (Grenville):*

Q. You did not say a few minutes ago that they were not manufactured in Canada by any other firms than those three.

Hon. Mr. PUGSLEY.—That was before 1896.

*By Mr. Bennett:*

Q. Have these visits of Mr. George M. Reid to shake hands with you been more frequent the last four years than formerly?—A. No. I think I met Mr. Reid up in the Club in London about fifteen or twenty years ago, and when he came to Ottawa he has called and shaken hands with me.

Q. Have these visits been more frequent lately than they were fifteen or twenty years ago?—A. No, I think they have been less frequent lately.

Q. He never spoke to you on those visits about these contracts?—A. Never one word.

*By Mr. Boyce:*

Q. In regard to the tenders received for the Department of Railways and Canals, three tenders were received, one from Mr. Hutchison, one from the Office Specialty Company and one from the Eclipse Manufacturing Company, and you accepted the lowest tender, that of Hutchison?—A. Yes.

Q. Did you know what concern Mr. Hutchison represented at that time?—A. He represented a firm at Gananoque.

Q. Did you know that he represented that firm at the time he tendered?—A. I understood he did, that is what he said.

Q. But notwithstanding that you did not invite a tender from the firm, but from Hutchison?—A. Because he was the agent, the same as Houghton was the agent for the Office Specialty Company.

Q. I see that Mr. Hutchison uses a letter heading from which it would appear that he was doing business at Ottawa. It is headed 'L. W. Hutchison—Card Systems. Vertical Files, Desks, Sectional Bookcases, Sectional Cabinets, Metallic Fittings, Adjustable Roller Shelving, Quick-Easy Copying Presses,' and the tender is not that of the Gananoque Company, but that of Hutchison, so that you applied to him to tender?—A. Yes.

Q. And not to the company?—A. No, in the same way as we did not apply for a tender from the Office Specialty Company, but we applied to Mr. Houghton who is their agent.



Q. Then you knew from previous experience, I presume, that Hutchison, when you applied to him, represented in some way the Gananoque Company, although the was in business for himself?—A. Yes, I did.

Q. He was the lowest tenderer?—A. Yes.

Q. He made no deposit?—A. No.

Q. None of them made deposits?—A. No.

Q. His tender was received and accepted on September 14, according to the file?—A. Well, that will be right.

Q. And the work was to be done at once. What took place between September 14 and December 5? What had been done towards completing the work?—A. I suppose the department considered he was going on with the work during that time.

Q. And were you writing him at all?—A. Latterly we were writing him pressing him to get it done.

Q. And finally he wrote a letter on December 4 in which he states that the company had gone into liquidation?—A. Yes.

Q. You did not bring down the letters you wrote to Hutchison?—A. Because I was not asked to.

Q. Shouldn't they be on the file?—A. That is a different case altogether, I was summoned for one particular thing.

*By Mr. Bennett:*

Q. These are the papers from the department and the letters are not there?—A. I don't know that, all I know was that I was to be examined on the matter I have before me.

*By Mr. Boyce:*

Q. Here is a letter from the acting minister dated December 4, in which he refers to letters written to Mr. Hutchison on October 3rd, 12th, 17th, and 24th, four letters, none of which are produced?—A. There are my directions to come to the committee (producing subpoena) and there is nothing there requiring me to produce those letters.

Q. During that time you were jogging Hutchison's memory about this contract?—A. As far as I remember I was.

Q. Didn't you know at that time that his company had gone into liquidation?—A. I did not know, speaking from memory, I did not know.

Q. Your later contract for the Railways and Canals Department was for \$20,000?—A. Yes.

Q. And they bid for \$16,000?—A. Yes.

Q. You knew that was very much under the mark?—A. Yes, I thought they could not do it.

Q. You absolutely ignored the question of security altogether?—A. We did not ignore it, it was not the practice.

Q. If he had tendered for the delivery of a boiler he would have had to give security?—A. Not at all.

Q. Would he not have had to do so according to the rule?—A. As far as I understand in reference to buildings, where there is a great variety of material and different contracts in connection with the same work, it is the practice to take security. It is a very different thing in reference to a building from supplying fittings like this, because, as a rule, the fittings are not paid for until delivered in the office and accepted.

*By Mr. Pardee:*

Q. There are no progress estimates on this work?—A. None.

*By Mr. Boyce:*

Q. And without asking for new tenders you accepted the second tender and that was complied with?—A. Yes.

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*By Mr. Bennett:*

Q. Can you ever recall any case, prior to 1896, where fittings were put in outside that case of the Hamilton Post Office?—A. Yes. Generally speaking the fittings for post offices at that particular time were given to the contractor who did the work for the building at his price, that is provided it was a reasonable price.

Q. That is one of the special cases you recall, that it was not done?—A. No, what I mean to say is this that the work for the fittings was given without calling for tenders.

Q. That is in the Hamilton case?—A. No, in all cases, or in most cases to the contractor who did the building, provided his price was a reasonable price, that has been the practice for the past thirty years.

Q. Were there tenders called in the Hamilton case?—A. Just for the work.

Q. Only for the work?—A. Yes.

*By Mr. Pardee:*

Q. You have been 37 years in the Department?—A. Yes.

Q. And you are following out exactly the same system that has always been followed—just exactly the same, there has been no difference?—A. Yes, that is it.

Q. The question was asked you if you never went over this work yourself. You have competent men under you, I take it, who are thoroughly able to give you all the details necessary in reference to this work, for example, now under discussion?—A. Allow me, with reference to this special class of work, when this class of work was started these different firms prepared a plan themselves and sent it to us. I found that that was not the thing, and I got a man specially to do this work, he does nothing else, we make our own estimates before they get their tenders and then we invite tenders.

Q. This class of work is very much better than the old work that was formerly used? Is it fireproof? I suppose it is superior to the wooden shelves?—A. Yes, and takes up a great deal less room.

Q. And very important documents are kept in these various files?—Yes.

*By Mr. Bennett:*

Q. Who is the special officer who does this particular work?—A. Mr. Beaudry.

Witness discharged.

Committee adjourned.





# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

\$1,077.25 TO ASSISTANTS IN MR. RIOPELLES'S OFFICE

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

## COMMITTEE ROOM No. 32.

OTTAWA, FRIDAY, February 21, 1908.

The select Standing Committee on Public Accounts met at 11 a.m., the chairman, Mr. Clarke, presiding.

The committee proceeded to the consideration of a payment of \$1,077.25 to assistants in Mr. Riopelle's office, *re* purchase of land for the new departmental block Ottawa, as set out at page V-23, of the Report of the Auditor General for the nine months ending March 31, 1907.

Mr. JOSEPH RIOPELLE, called, sworn, and examined.

*By Mr. Bennett:*

Q. Where do you live, Mr. Riopelle?—A. Rideau St., Ottawa.

Q. What is your business?—A. I am retired from business for a number of years. I have been in the employ of the Department of Public Works for the last year or so, purchasing property on Sussex street.

Q. You are employed by the department in connection with the purchase of some of these properties on Mackenzie avenue and Sussex street?—A. Yes.

Q. Here is an item in the report of the Auditor General: "Assistants in Mr. Riopelle's office *re* purchase of land; clerk, A. G. Campbell, \$15. W. E. O'Meara, \$704; messenger, \$358.25," making a total of \$1,077.25. Now, will you tell me what service W. E. O'Meara performed for \$704? In the first place what was he paid per week?—A. \$18.

Q. So that he was employed there for how long?—A. From about June 25, 1906. The first man I had was the man Campbell, he was there on June 22, 1906. I got him only a week and paid him \$15.

Q. That would be 39 weeks it figures out for Mr. O'Meara?—A. I have all the papers here, and it will save you a great deal of trouble if you want to see them. I have my contract and everything.

Q. All right, let us have a look at these. (Documents handed to Mr. Reid.)

*By Mr. Reid (Grenville):*

Q. Is this the whole thing?—A. I can give you lots more if you require it.

*By Mr. Bennett:*

Q. I see the first account here on the file of the department is A. G. Campbell, clerk, \$15. and then appears, O'Meara, clerk, \$20—A. I can explain all that and it will save time.

Q. Well, if you will explain what O'Meara was at.—A. Well, I got Mr. Campbell at first and secured his services at \$15 a week, and I found out within a week that he would not suit my purpose so I paid him off. The next man I secured was O'Meara, and I paid him \$18 a week, and as Campbell went away before his week was up and I paid him for his whole week that is how the first payment to O'Meara is \$20 instead of \$18.

Q. So O'Meara was paid \$3 per day?—A. Well, not counting Sundays.

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Q. What was O'Meara occupied in doing?—A. Well, he was occupied as my clerk, in writing and typewriting in the office. We had a good deal of writing to do about this matter and it was my agreement with the department that I was to be furnished with such a man. You will find that in the agreement here (handing document to Mr. Bennett). But I want that back.

Mr. BENNETT—I will give it back to you. This is a letter of January 20, 1906, as follows (reads):

'Office of the Minister of Public Works of Canada,

OTTAWA, June 20, 1906.

'SIR,—In reference to our conversation in connection with your acting as agent for the Department of Public Works in the acquisition of the properties the government propose to purchase as site for a new departmental block, I am having forwarded to your office all the information in the possession of the department relative to the valuation of the properties in Quebec.

'The terms upon which you will render these services to the department will be those agreed upon between us, viz: 2 per cent commission on all the properties acquired, either by purchase or expropriation, the government to also pay for the services of a clerk and messenger. It is, of course, understood that in all cases where expropriation may become necessary, you are to obtain information and to prepare the government's case in order that the interests of the government will be fully protected whenever properties are acquired in this manner.

'I shall be glad to receive an acknowledgement from you of this letter.

'Yours truly,

'(Sgd.) C. F. HYMAN.

'JOS. RIOPELLE, Esq.,

225 Rideau street, Ottawa.'

Q. Did you write and accept that offer?—A. I did, sir.

Q. You say that you had a lot of typewriting and all this work to do. Tell me, what would be the nature of those letters or documents that you would instruct your clerk to copy out. What were they?—A. After agreeing with certain parties for certain prices about certain property, I have to submit that in writing to the Minister of Public Works for approval. Then after I have received his reply I have to notify those parties in writing where to bring their papers in order to have their titles passed, &c. If you want any proof as to the amount of typewriting we have to do we will produce copies of these letters.

Q. You had nothing to do with the passing of the titles, the lawyers did that, I suppose?—A. I had all to do with shaping out the conditions in connection with the titles. In certain cases we made concessions, and in others we bought with the properties clear, and in others we gave back the materials on the property. I had to set forth all these conditions for the approval of the Minister of Public Works, and it has been very tedious work, very long work; in fact we have plenty of work for the clerk.

Q. Who is the lawyer that was employed by the department?—A. Mr. D. H. MacLean, I think it is, in conjunction with Mr. Fraser. There are two lawyers.

Q. Who do you say the other was?—A. Mr. Fraser, I think.

Q. Is that Mr. Angus Fraser?—A. I think so, yes.

Q. What was the nature of your duties? Tell us, supposing you were going to buy a piece of property from John Brown, what was the nature of your business?—A. To purchase if I considered the price reasonable, and if the Public Works Department approved it, it was a go, if not we would expropriate it.

Q. You would go to see Brown and ask him what he wanted for his property?—A. Sometimes I would have Brown come to me.

Q. And then, when you had arranged it you wrote a letter to the department?—A. But that would be after considerable negotiation. It might take three months negotiating with Brown.



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Q. I want to get at what the clerk was doing. Every time when you closed a deal you would acquaint the department by letter of the fact that you had made a deal?—A. I had to acquaint the department with the fact that I had agreed with Brown for the purchase of his property for such a price and desire the department's approval.

Q. That would be by letter?—A. By letter.

Q. How many of these deals were there altogether?—A. Well, it may have taken a great many letters for one deal.

Q. Why so?—A. Some of the deals were very simple and the others—well, others have been very tedious.

Q. Tell me how many properties were acquired altogether?—A. I suppose forty or forty-five.

Q. How many letters would there be written in the course of dealing for these forty-five properties that your clerk would have to write?—A. There would be in each property a dozen letters probably. I would have to notify those that I purchased from, and then write to the government, and after the government had approved of my recommendation I would then have to inform the parties and instruct them what to do with reference to their title papers. Then I had to instruct the solicitors, and give them a copy of the conditions that I had made with these parties in regard to the purchase of their properties, in order that the solicitors might write the deeds.

Q. Then, before we go beyond that, you drew up yourself the contracts for the purchase, or did the lawyer?—A. I had made the agreement, the lawyers hadn't anything to do with it.

Q. All the contracts for the purchases were drawn up by you?—A. And the lawyers had to carry out the conditions.

Q. And the lawyers did not draw up the contracts at all?—A. Only to carry out what I had agreed upon.

Q. Were you furnished with a contract?—A. We wrote them out.

Q. You are not a lawyer?—A. Well, my clerk was a lawyer.

Q. Is Mr. O'Meara a lawyer?—A. Well, I think he is as good as any lawyer.

Q. That is a matter of opinion?—A. Well, I think he is.

Q. Had Mr. O'Meara practised as a lawyer here?—A. Not in the city, no.

Q. Where did he practise before?—A. I do not know that he has ever practised, but I understand he has been in a lawyer's office for six years.

Q. Where?—A. In Pembroke.

Q. Not here in the city?—A. Not here. Mr. O'Meara is here if you want him; he is prepared for everything.

Q. He will be snapped up by some of these lawyers as a partner if he is everything you say?—A. They might make a worse bargain than by taking him.

Q. And Mr. O'Meara was here all this time, thirty-nine weeks?—A. He is with me yet.

Q. He is still there?—A. He is still there.

Q. Are the properties all acquired now?—A. No, sir, not yet. I intend keeping him until they get through.

Q. How long has he been there?—A. Eighteen months.

Q. And his pay is going on all the time?—A. Yes, all the time. He gets paid every week.

Q. How many more properties are there to close out?—A. About eight more properties to close out.

Q. Tell us about this other gentleman, what is he doing?—A. He has been my messenger.

Q. I hope you don't have to go to England at the government expense, or you will be taking him with you perhaps?—A. I am not a cheap man. If the government want my services they will have to pay me pretty well. I have dismissed the messenger.

Q. What salary did he get?—A. \$9 per week.

Q. That is \$1.50 per day. What were his duties?—A. He took care of the office,

kept the fires going, attended to the telephone and kept the office whilst I might be out in the field.

Q. Had you to hire an office specially to conduct these negotiations in?—A. I have my own office.

Q. You use your own office?—A. Yes, sir.

Q. Before you started in on this work for the government had you a messenger employed in your office?—A. No, sir, but as you will see from the contract it was a condition on which I accepted this work, that I would be furnished with a clerk and a messenger. They have dispensed with the messenger from me since, but I have no grievance about that because I got along without him.

Q. So that the duty of the messenger was to do what?—A. To carry these letters and messages to the department; we were exchanging letters every day, sometimes two or three times a day; we were also sending messages to the parties I was dealing with. There was plenty of work for him to do, in fact I would not be without him, and my contract called for that.

Q. Couldn't you use the mails?—A. It would be rather slow, sometimes we might have lost the opportunity to make a favourable deal had we not been able to act expeditiously.

Q. Who else was engaged with you in this work of buying properties? What were William Arnold, Choquette and Pothier, C. B. Taggart and James White paid a total of \$7,314 for doing in connection with the purchase of this property?—A. What do I know about those gentlemen? They rendered service to the department years before this work was put into my hands.

Q. They were paid in connection with this very same work, according to the Auditor General's Report it was for the valuation of the properties?—A. Well, the government gave me all that information to help me to purchase these properties. They furnished me with the information they had previously acquired through these men, but these gentlemen had nothing to do with me.

Q. They had nothing to do with you?—A. Nothing whatever.

Q. What were you doing?—A. I was purchasing these properties for the government.

Q. On the basis of this letter that you have produced?—A. On the basis of my own judgment.

Q. I mean as to your remuneration?—A. My contract tells you that.

Q. I know, two per cent. How much have you been paid?—A. All that I have asked for so far.

Q. And how much is that?—A. About \$4,000, they still owe me about \$4,000 or \$5,000.

Q. How much do they owe you now?—A. I do not know, I have not made up the account, but whatever it is they will owe me still more before I get through.

Q. Can you tell me how much it will be?—A. I have an idea what it will be.

Q. How much will it be, about?—A. I do not know what the expropriation judge will fix the property at.

Q. About how much will that be?—A. I cannot tell what it will be.

*By Mr. Pardee:*

Q. The witness says he cannot tell?—A. They owe me about \$5,000 now I guess.

*By Mr. Bennett:*

Q. They owe you about \$5,000 more?—A. Something like that.

Q. That is the addition to the \$4,000 which you have been paid?—A. Yes.

Q. You do not care to say how much more you figure will be coming to you in respect to these properties?—A. I cannot tell exactly. I know there will be more but I cannot say how much.

Q. Will it be \$5,000 more?—A. Scarcely that.

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Q. Will it be \$3,000 more?—A. Perhaps, something like that. I have nothing to hide, it is an open question.

Q. If anybody is to blame it is the government not you. Now in the discharge of your duties what was your actual work? Did you make valuations of the properties?—A. In some cases, yes.

Q. We will take these properties that were valued by Mr. James White, 44 of them, did he make valuation or did you?—A. For whom? Are you speaking of Mr. White's valuation?

Q. Yes.—A. I had nothing to do with that.

Q. Is that James White the president, or the ex-president of the Liberal Association?—A. I do not know, these documents were placed in my hands in case they might be useful to me.

Q. You don't know who Mr. White is?—A. I rather think so.

Q. Mr. James White, that is the man who figured in the London election trial is it?—A. I think it is the same man.

Q. How many of those properties did you value? You say that the country has paid you for it, or they will when they have paid you all; you say there are \$3,000 more in prospective, and as you say you have earned \$9,000 already, that will make \$12,000 altogether—now what have you actually done for that?—A. I valued all the properties and purchased them all.

Q. Have you valued them all?—A. Certainly, how could I come to a conclusion to pay a person thousands of dollars for a property without knowing what I am doing.

Q. When you went over James White's 44 valuations, what did you think of them? Were they too high or too low?—A. In some cases they were too high and in several cases too low.

Q. Now in the case of Mr. Taggart's valuations, what did you do? Did you approve of his valuations or did you raise them or lower them?—A. Sometimes I thought Mr. Taggart was right and sometimes that he was wrong, it was the same with the whole of them.

Q. And you say it was the same with Choquette's and Arnold's valuations?—A. Besides, there were a lot of refusals and options which these parties had given on those properties and which had been allowed to expire. These options had all been taken before by the government, and having been allowed to expire we had to purchase them otherwise.

Q. How long have you lived in the city?—A. All my life.

Q. Twenty-five years?—A. Sixty years.

Q. And you have been about and around in that part of the city all that time?—A. I have lived around there for a long time.

Q. And personally you knew everybody who owned properties there?—A. Pretty much.

Q. When you went there to get these options, or to make your valuations, did you announce what your business was; that it was to purchase for the government?—A. Quite openly, sir.

Q. You did it quite openly, so that they knew what you were there for, there was no doubt about that?—A. Exactly. I told them my purpose and what I wanted; there was nothing underhand.

Q. That is only a matter of opinion. Were you any better than the deputy minister or any clerk from the department would have been to approach these people with reference to the purchase of their properties?—A. Well, I think I was better qualified than the whole of them put together.

Q. Of course that is pretty hard on the department?—A. You are asking me my opinion.

Q. However, you are a good straight Liberal, and it was about time something was coming your way anyway?—A. I never asked for it. I have been City Valuator for a number of years, which showed that I had the qualification.



Q. I am not saying that you were not qualified. However, there was no secrecy about it—you told them what you were about, that you were acting for the government?—A. My hands are clean.

Q. Let me understand. Mr. White and these other men had made valuations before you came in?—A. Several years before.

Q. It could not have been many years?—A. I think it must have been that they made their valuation in 1905, and I did not start in until 1906.

Q. It was only a few months before that they made their valuations?—A. I think it was a full year, and perhaps more, I have the dates at home.

Q. When you went to discuss with the different parties the purchase of the lots that these other men had valued, it was not a surprise to them to see you acting for the government?—A. Not at all. I stated right openly that if they could agree with me amicably we would complete the purchase that way, but if they could not agree we would take their property and expropriate under the law.

Q. You had all the valuations made before by these four men, in your hands?—A. All the information that was at the disposal of the department.

Q. Did the minister tell you why he wanted you to value these properties after they had been valued by the other men?—A. He did not say he wanted me to value them, but to purchase them.

Q. You said you had to value all of them?—A. I had to value all of them because I did not know how to purchase else.

Q. But you had the valuations of these other men?—A. I was not bound to buy on the valuation of these gentlemen. I exercised my own judgment.

Q. There were two valuations of the properties made, I think?—A. There were four different valuations made before they came into my hands: Arnold, Choquette & Pothier, Taggart and White.

Q. You will find each one did different work, I think, or did each one value the same properties?—A. So I understand.

Q. I guess that is right, because I find in this report that each one of them valued forty-four properties; so that now they have been valued four times you think they are about right?—A. I always thought, after my valuation, that they were perfectly correct.

*By Mr. Pardee:*

Q. It was a matter of very common knowledge that the government were going to buy all along that street for a departmental block?—A. Oh, there was nothing hidden about it.

Q. Everybody knew it?—A. Oh, I purchased quite openly. I told the parties what I wanted.

Q. It had been talked about for some considerable time?—A. They were well prepared.

Q. You have had considerable experience in this business?—A. I have valued a good deal of property.

Q. By and for whom?—A. For myself. I own some property in Ottawa and always did. Then I have been City Valuator for six years, and I have known this property for the last thirty years, and was quite well aware that some of these people were asking a great deal too much for their properties. I thought I knew how to pull them down to what I thought was a reasonable price, and I think we got a reasonable price.

Q. You think you were successful in that?—A. I am sure I accomplished it.

*By Mr. Reid (Grenville):*

Q. How long have you been employed valuing this property?—A. Since June, 1906.

Q. Are you through yet?—A. No, sir.

*By Mr. Bennett:*

Q. And your ordinary business has been going on all the time?—A. I have

## APPENDIX No. 1

actually no ordinary business, except attending to my own affairs, but I keep my office open.

*By Mr. Reid (Grenville):*

Q. You haven't been employed at this work all the time?—A. Not all the time.

*By Mr. Bergeron :*

Q. Then if this work had not been given to you it would not have made any difference, you would have had your office just the same?—A. That is as far as my expenditure goes, you mean?

Q. Yes?—A. Oh, well, there would be the typewriting and other extra expenses.

Q. If Mr. Arnold, Mr. Choquette, Mr. White and Mr. Taggart, had not valued all these properties it would not have made any difference when your time came to value them?—A. I made my own valuation, but it might have helped me a good deal to get these people's opinion.

Q. Did the actual purchase price vary from your valuation?—A. It could not vary from mine,, if the price varied from my valuation it could not go, but it might vary from the other valuations.

*By Mr. Lennox :*

Q. Did it ever coincide with your valuation?—A. Yes.

Q. In many cases?—A. Not exactly, some of them came very close, but the government always coincided with my valuations, and never turned any of them down.

Q. You say that a great many of the options had expired?—A. All of them had expired.

*By Mr. Reid (Grenville):*

Q. Did you get any commissions from the parties who were selling?—A. Did I what?

*By Mr. Bergeron :*

Q. Have you anything to do with the expropriating of the building opposite the Archives which is now proceeding?—A. Yes, sir, I have been instructed to look into it.

Q. Is there anything finished yet. Is it completed?—A. I have an option on one only and the other party refuses to sell, so I think we will have to expropriate.

Q. Is that all the buildings from the Printing Bureau?—A. No, only the west end. The government does not seem to want the others.

Q. Beside the Archives there, have all those buildings been expropriated?—A. Yes, they have been expropriated and paid for and are going to be pulled down. They have notice that they are to be pulled down by the first of April.

*By Mr. Bennett :*

Q. Did you happen to own any of these properties yourself?—A. No, I was not interested.

*By Mr. Foster :*

Q. Your instructions were to buy certain properties, that they had to be bought, the government wished them, is that the idea, that they could not do without them? Supposing you had bought a property here and others there, they would have to get the intervening properties some way or other?—A. Yes.

Q. And the only option was to purchase by agreement or expropriation?—A. That is the only way.

*By Mr. Pardee :*

Q. And expropriation would be pretty expensive?—A. Well, we are at it now in cases where we had to expropriate.

Witness discharged.

Committee adjourned.





REPORT  
OF THE  
PUBLIC ACCOUNTS COMMITTEE  
RELATING TO  
PAYMENTS IN CONNECTION WITH STR. "SPEEDY"

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA  
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## HOUSE OF COMMONS,

## COMMITTEE ROOM No. 32.

OTTAWA, FRIDAY, February 21, 1908.

The select Standing Committee on Public Accounts met at 11 a.m., the chairman, Mr. Clarke, presiding.

The committee proceeded to the consideration of a payment of \$1,077.25 to assistants in Mr. Riopelle's office, *re* purchase of land for the new departmental block Ottawa, as set out at page V-23, of the Report of the Auditor General for the nine months ending March 31, 1907.

Mr. JOSEPH RIOPELLE, called, sworn, and examined.

*By Mr. Bennett:*

Q. Where do you live, Mr. Riopelle?—A. Rideau St., Ottawa.

Q. What is your business?—A. I am retired from business for a number of years. I have been in the employ of the Department of Public Works for the last year or so, purchasing property on Sussex street.

Q. You are employed by the department in connection with the purchase of some of these properties on Mackenzie avenue and Sussex street?—A. Yes.

Q. Here is an item in the report of the Auditor General: "Assistants in Mr. Riopelle's office *re* purchase of land; clerk, A. G. Campbell, \$15. W. E. O'Meara, \$704; messenger, \$358.25," making a total of \$1,077.25. Now, will you tell me what service W. E. O'Meara performed for \$704? In the first place what was he paid per week?—A. \$18.

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Q. That would be 39 weeks it figures out for Mr. O'Meara?—A. I have all the papers here, and it will save you a great deal of trouble if you want to see them. I have my contract and everything.

Q. All right, let us have a look at these. (Documents handed to Mr. Reid.)

*By Mr. Reid (Grenville):*

Q. Is this the whole thing?—A. I can give you lots more if you require it.

*By Mr. Bennett:*

Q. I see the first account here on the file of the department is A. G. Campbell, clerk, \$15. and then appears, O'Meara, clerk, \$20—A. I can explain all that and it will save time.

Q. Well, if you will explain what O'Meara was at.—A. Well, I got Mr. Campbell at first and secured his services at \$15 a week, and I found out within a week that he would not suit my purpose so I paid him off. The next man I secured was O'Meara, and I paid him \$18 a week, and as Campbell went away before his week was up and I paid him for his whole week that is how the first payment to O'Meara is \$20 instead of \$18.

Q. So O'Meara was paid \$3 per day?—A. Well, not counting Sundays.

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Q. What was O'Meara occupied in doing?—A. Well, he was occupied as my clerk, in writing and typewriting in the office. We had a good deal of writing to do about this matter and it was my agreement with the department that I was to be furnished with such a man. You will find that in the agreement here (handing document to Mr. Bennett). But I want that back.

Mr. BENNETT—I will give it back to you. This is a letter of January 20, 1906, as follows (reads):

'Office of the Minister of Public Works of Canada,

OTTAWA, June 20, 1906.

'SIR,—In reference to our conversation in connection with your acting as agent for the Department of Public Works in the acquisition of the properties the government propose to purchase as site for a new departmental block, I am having forwarded to your office all the information in the possession of the department relative to the valuation of the properties in Quebec.

'The terms upon which you will render these services to the department will be those agreed upon between us, viz: 2 per cent commission on all the properties acquired, either by purchase or expropriation, the government to also pay for the services of a clerk and messenger. It is, of course, understood that in all cases where expropriation may become necessary, you are to obtain information and to prepare the government's case in order that the interests of the government will be fully protected whenever properties are acquired in this manner.

'I shall be glad to receive an acknowledgement from you of this letter.

'Yours truly,

'(Sgd.) C. F. HYMAN.

'JOS. RIOPELLE, Esq.,

225 Rideau street, Ottawa.'

Q. Did you write and accept that offer?—A. I did, sir.

Q. You say that you had a lot of typewriting and all this work to do. Tell me, what would be the nature of those letters or documents that you would instruct your clerk to copy out. What were they?—A. After agreeing with certain parties for certain prices about certain property, I have to submit that in writing to the Minister of Public Works for approval. Then after I have received his reply I have to notify those parties in writing where to bring their papers in order to have their titles passed, &c. If you want any proof as to the amount of typewriting we have to do we will produce copies of these letters.

Q. You had nothing to do with the passing of the titles, the lawyers did that, I suppose?—A. I had all to do with shaping out the conditions in connection with the titles. In certain cases we made concessions, and in others we bought with the properties clear, and in others we gave back the materials on the property. I had to set forth all these conditions for the approval of the Minister of Public Works, and it has been very tedious work, very long work; in fact we have plenty of work for the clerk.

Q. Who is the lawyer that was employed by the department?—A. Mr. D. H. MacLean. I think it is, in conjunction with Mr. Fraser. There are two lawyers.

Q. Who do you say the other was?—A. Mr. Fraser, I think.

Q. Is that Mr. Angus Fraser?—A. I think so, yes.

Q. What was the nature of your duties? Tell us, supposing you were going to buy a piece of property from John Brown, what was the nature of your business?—A. To purchase if I considered the price reasonable, and if the Public Works Department approved it, it was a go, if not we would expropriate it.

Q. You would go to see Brown and ask him what he wanted for his property?—A. Sometimes I would have Brown come to me.

Q. And then, when you had arranged it you wrote a letter to the department?—A. But that would be after considerable negotiation. It might take three months negotiating with Brown.



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Q. I want to get at what the clerk was doing. Every time when you closed a deal you would acquaint the department by letter of the fact that you had made a deal?—A. I had to acquaint the department with the fact that I had agreed with Brown for the purchase of his property for such a price and desire the department's approval.

Q. That would be by letter?—A. By letter.

Q. How many of these deals were there altogether?—A. Well, it may have taken a great many letters for one deal.

Q. Why so?—A. Some of the deals were very simple and the others—well, others have been very tedious.

Q. Tell me how many properties were acquired altogether?—A. I suppose forty or forty-five.

Q. How many letters would there be written in the course of dealing for these forty-five properties that your clerk would have to write?—A. There would be in each property a dozen letters probably. I would have to notify those that I purchased from, and then write to the government, and after the government had approved of my recommendation I would then have to inform the parties and instruct them what to do with reference to their title papers. Then I had to instruct the solicitors, and give them a copy of the conditions that I had made with these parties in regard to the purchase of their properties, in order that the solicitors might write the deeds.

Q. Then, before we go beyond that, you drew up yourself the contracts for the purchase, or did the lawyer?—A. I had made the agreement, the lawyers hadn't anything to do with it.

Q. All the contracts for the purchases were drawn up by you?—A. And the lawyers had to carry out the conditions.

Q. And the lawyers did not draw up the contracts at all?—A. Only to carry out what I had agreed upon.

Q. Were you furnished with a contract?—A. We wrote them out.

Q. You are not a lawyer?—A. Well, my clerk was a lawyer.

Q. Is Mr. O'Meara a lawyer?—A. Well, I think he is as good as any lawyer.

Q. That is a matter of opinion?—A. Well, I think he is.

Q. Had Mr. O'Meara practised as a lawyer here?—A. Not in the city, no.

Q. Where did he practise before?—A. I do not know that he has ever practised, but I understand he has been in a lawyer's office for six years.

Q. Where?—A. In Pembroke.

Q. Not here in the city?—A. Not here. Mr. O'Meara is here if you want him; he is prepared for everything.

Q. He will be snapped up by some of these lawyers as a partner if he is everything you say?—A. They might make a worse bargain than by taking him.

Q. And Mr. O'Meara was here all this time, thirty-nine weeks?—A. He is with me yet.

Q. He is still there?—A. He is still there.

Q. Are the properties all acquired now?—A. No, sir, not yet. I intend keeping him until they get through.

Q. How long has he been there?—A. Eighteen months.

Q. And his pay is going on all the time?—A. Yes, all the time. He gets paid every week.

Q. How many more properties are there to close out?—A. About eight more properties to close out.

Q. Tell us about this other gentleman, what is he doing?—A. He has been my messenger.

Q. I hope you don't have to go to England at the government expense, or you will be taking him with you perhaps?—A. I am not a cheap man. If the government want my services they will have to pay me pretty well. I have dismissed the messenger.

Q. What salary did he get?—A. \$9 per week.

Q. That is \$1.50 per day. What were his duties?—A. He took care of the office,

kept the fires going, attended to the telephone and kept the office whilst I might be out in the field.

Q. Had you to hire an office specially to conduct these negotiations in?—A. I have my own office.

Q. You use your own office?—A. Yes, sir.

Q. Before you started in on this work for the government had you a messenger employed in your office?—A. No, sir, but as you will see from the contract it was a condition on which I accepted this work, that I would be furnished with a clerk and a messenger. They have dispensed with the messenger from me since, but I have no grievance about that because I got along without him.

Q. So that the duty of the messenger was to do what?—A. To carry these letters and messages to the department; we were exchanging letters every day, sometimes two or three times a day; we were also sending messages to the parties I was dealing with. There was plenty of work for him to do, in fact I would not be without him, and my contract called for that.

Q. Couldn't you use the mails?—A. It would be rather slow, sometimes we might have lost the opportunity to make a favourable deal had we not been able to act expeditiously.

Q. Who else was engaged with you in this work of buying properties? What were William Arnold, Choquette and Pothier, C. B. Taggart and James White paid a total of \$7,314 for doing in connection with the purchase of this property?—A. What do I know about those gentlemen? They rendered service to the department years before this work was put into my hands.

Q. They were paid in connection with this very same work, according to the Auditor General's Report it was for the valuation of the properties?—A. Well, the government gave me all that information to help me to purchase these properties. They furnished me with the information they had previously acquired through these men, but these gentlemen had nothing to do with me.

Q. They had nothing to do with you?—A. Nothing whatever.

Q. What were you doing?—A. I was purchasing these properties for the government.

Q. On the basis of this letter that you have produced?—A. On the basis of my own judgment.

Q. I mean as to your remuneration?—A. My contract tells you that.

Q. I know, two per cent. How much have you been paid?—A. All that I have asked for so far.

Q. And how much is that?—A. About \$4,000, they still owe me about \$4,000 or \$5,000.

Q. How much do they owe you now?—A. I do not know, I have not made up the account, but whatever it is they will owe me still more before I get through.

Q. Can you tell me how much it will be?—A. I have an idea what it will be.

Q. How much will it be, about?—A. I do not know what the expropriation judge will fix the property at.

Q. About how much will that be?—A. I cannot tell what it will be.

*By Mr. Pardee:*

Q. The witness says he cannot tell?—A. They owe me about \$5,000 now I guess.

*By Mr. Bennett:*

Q. They owe you about \$5,000 more?—A. Something like that.

Q. That is the addition to the \$4,000 which you have been paid?—A. Yes.

Q. You do not care to say how much more you figure will be coming to you in respect to these properties?—A. I cannot tell exactly. I know there will be more but I cannot say how much.

Q. Will it be \$5,000 more?—A. Scarcely that.

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Q. Will it be \$3,000 more?—A. Perhaps, something like that. I have nothing to hide, it is an open question.

Q. If anybody is to blame it is the government not you. Now in the discharge of your duties what was your actual work? Did you make valuations of the properties?—A. In some cases, yes.

Q. We will take these properties that were valued by Mr. James White, 44 of them, did he make valuation or did you?—A. For whom? Are you speaking of Mr. White's valuation?

Q. Yes.—A. I had nothing to do with that.

Q. Is that James White the president, or the ex-president of the Liberal Association?—A. I do not know, these documents were placed in my hands in case they might be useful to me.

Q. You don't know who Mr. White is?—A. I rather think so.

Q. Mr. James White, that is the man who figured in the London election trial is it?—A. I think it is the same man.

Q. How many of those properties did you value? You say that the country has paid you for it, or they will when they have paid you all; you say there are \$3,000 more in prospective, and as you say you have earned \$9,000 already, that will make \$12,000 altogether—now what have you actually done for that?—A. I valued all the properties and purchased them all.

Q. Have you valued them all?—A. Certainly, how could I come to a conclusion to pay a person thousands of dollars for a property without knowing what I am doing.

Q. When you went over James White's 44 valuations, what did you think of them? Were they too high or too low?—A. In some cases they were too high and in several cases too low.

Q. Now in the case of Mr. Taggart's valuations, what did you do? Did you approve of his valuations or did you raise them or lower them?—A. Sometimes I thought Mr. Taggart was right and sometimes that he was wrong, it was the same with the whole of them.

Q. And you say it was the same with Choquette's and Arnold's valuations?—A. Besides, there were a lot of refusals and options which these parties had given on those properties and which had been allowed to expire. These options had all been taken before by the government, and having been allowed to expire we had to purchase them otherwise.

Q. How long have you lived in the city?—A. All my life.

Q. Twenty-five years?—A. Sixty years.

Q. And you have been about and around in that part of the city all that time?—A. I have lived around there for a long time.

Q. And personally you knew everybody who owned properties there?—A. Pretty much.

Q. When you went there to get these options, or to make your valuations, did you announce what your business was; that it was to purchase for the government?—A. Quite openly, sir.

Q. You did it quite openly, so that they knew what you were there for, there was no doubt about that?—A. Exactly. I told them my purpose and what I wanted; there was nothing underhand.

Q. That is only a matter of opinion. Were you any better than the deputy minister or any clerk from the department would have been to approach these people with reference to the purchase of their properties?—A. Well, I think I was better qualified than the whole of them put together.

Q. Of course that is pretty hard on the department?—A. You are asking me my opinion.

Q. However, you are a good straight Liberal, and it was about time something was coming your way anyway?—A. I never asked for it. I have been City Valuator for a number of years, which showed that I had the qualification.



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Q. I am not saying that you were not qualified. However, there was no secrecy about it—you told them what you were about, that you were acting for the government?—A. My hands are clean.

Q. Let me understand. Mr. White and these other men had made valuations before you came in?—A. Several years before.

Q. It could not have been many years?—A. I think it must have been that they made their valuation in 1905, and I did not start in until 1906.

Q. It was only a few months before that they made their valuations?—A. I think it was a full year, and perhaps more, I have the dates at home.

Q. When you went to discuss with the different parties the purchase of the lots that these other men had valued, it was not a surprise to them to see you acting for the government?—A. Not at all. I stated right openly that if they could agree with me amicably we would complete the purchase that way, but if they could not agree we would take their property and expropriate under the law.

Q. You had all the valuations made before by these four men, in your hands?—A. All the information that was at the disposal of the department.

Q. Did the minister tell you why he wanted you to value these properties after they had been valued by the other men?—A. He did not say he wanted me to value them, but to purchase them.

Q. You said you had to value all of them?—A. I had to value all of them because I did not know how to purchase else.

Q. But you had the valuations of these other men?—A. I was not bound to buy on the valuation of these gentlemen. I exercised my own judgment.

Q. There were two valuations of the properties made, I think?—A. There were four different valuations made before they came into my hands: Arnold, Choquette & Pothier, Taggart and White.

Q. You will find each one did different work, I think, or did each one value the same properties?—A. So I understand.

Q. I guess that is right, because I find in this report that each one of them valued forty-four properties; so that now they have been valued four times you think they are about right?—A. I always thought, after my valuation, that they were perfectly correct.

*By Mr. Pardee:*

Q. It was a matter of very common knowledge that the government were going to buy all along that street for a departmental block?—A. Oh, there was nothing hidden about it.

Q. Everybody knew it?—A. Oh, I purchased quite openly. I told the parties what I wanted.

Q. It had been talked about for some considerable time?—A. They were well prepared.

Q. You have had considerable experience in this business?—A. I have valued a good deal of property.

Q. By and for whom?—A. For myself. I own some property in Ottawa and always did. Then I have been City Valuator for six years, and I have known this property for the last thirty years, and was quite well aware that some of these people were asking a great deal too much for their properties. I thought I knew how to pull them down to what I thought was a reasonable price, and I think we got a reasonable price.

Q. You think you were successful in that?—A. I am sure I accomplished it.

*By Mr. Reid (Grenville):*

Q. How long have you been employed valuing this property?—A. Since June, 1906.

Q. Are you through yet?—A. No, sir.

*By Mr. Bennett:*

Q. And your ordinary business has been going on all the time?—A. I have

## APPENDIX No. 1

actually no ordinary business, except attending to my own affairs, but I keep my office open.

*By Mr. Reid (Grenville):*

Q. You haven't been employed at this work all the time?—A. Not all the time.

*By Mr. Bergeron :*

Q. Then if this work had not been given to you it would not have made any difference, you would have had your office just the same?—A. That is as far as my expenditure goes, you mean?

Q. Yes?—A. Oh, well, there would be the typewriting and other extra expenses.

Q. If Mr. Arnold, Mr. Choquette, Mr. White and Mr. Taggart, had not valued all these properties it would not have made any difference when your time came to value them?—A. I made my own valuation, but it might have helped me a good deal to get these people's opinion.

Q. Did the actual purchase price vary from your valuation?—A. It could not vary from mine,, if the price varied from my valuation it could not go, but it might vary from the other valuations.

*By Mr. Lennox :*

Q. Did it ever coincide with your valuation?—A. Yes.

Q. In many cases?—A. Not exactly, some of them came very close, but the government always coincided with my valuations, and never turned any of them down.

Q. You say that a great many of the options had expired?—A. All of them had expired.

*By Mr. Reid (Grenville):*

Q. Did you get any commissions from the parties who were selling?—A. Did I what?

*By Mr. Bergeron :*

Q. Have you anything to do with the expropriating of the building opposite the Archives which is now proceeding?—A. Yes, sir, I have been instructed to look into it.

Q. Is there anything finished yet. Is it completed?—A. I have an option on one only and the other party refuses to sell, so I think we will have to expropriate.

Q. Is that all the buildings from the Printing Bureau?—A. No, only the west end. The government does not seem to want the others.

Q. Beside the Archives there, have all those buildings been expropriated?—A. Yes, they have been expropriated and paid for and are going to be pulled down. They have notice that they are to be pulled down by the first of April.

*By Mr. Bennett :*

Q. Did you happen to own any of these properties yourself?—A. No, I was not interested.

*By Mr. Foster :*

Q. Your instructions were to buy certain properties, that they had to be bought, the government wished them, is that the idea, that they could not do without them? Supposing you had bought a property here and others there, they would have to get the intervening properties some way or other?—A. Yes.

Q. And the only option was to purchase by agreement or expropriation?—A. That is the only way.

*By Mr. Pardee :*

Q. And expropriation would be pretty expensive?—A. Well, we are at it now in cases where we had to expropriate.

Witness discharged.

Committee adjourned.





# REPORT

OF THE

## PUBLIC ACCOUNTS COMMITTEE

RELATING TO

### PAYMENTS IN CONNECTION WITH STR. "SPEEDY"

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

\$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

\$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

\$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

\$19,711.90 and \$14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

\$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

\$1,069.42 and \$1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

\$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

\$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

\$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

\$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

\$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

\$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

\$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

\$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

\$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

\$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.





## COMMITTEE ROOM No. 38,

## HOUSE OF COMMONS.

FRIDAY, February 21, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to consideration of a payment of \$16,346.47 to sundry persons in connection with the steamer *Speedy*, as set out at V—225 and V—226 of the report of the Auditor General for the fiscal year ending March 31, 1907, and also payments in the same connection as set out as V—291, 292 and 293 of the report of the Auditor General for the fiscal year ending June 30, 1906.

Mr. JAMES HOWDEN.—Superintendent of Dredging, Department of Public Works, called, sworn and examined.

*By Mr. Bennett :*

Q. What position do you occupy in the service, Mr. Howden ?—A. During the summer season I am master of the steamer, I act as master and pilot of the steamer *Speedy*.

Q. When did you first enter the Civil Service ?—A. In 1874.

Q. When did you first assume the duties as master and pilot of the *Speedy* ?—A. Of the *Speedy* ? Since we have had the *Speedy*, and previous to that we had other boats.

Q. Referring to the *Speedy*, she was purchased in what year ?—A. She was purchased in—

Q. I think it was in 1905, or perhaps in 1904 ?—A. Yes, she was purchased four years ago.

Q. I find the first mention of her in the year ending the 30th June, 1905, that is in the Auditor General's report, so I assume she was purchased in the summer preceding 1904 ?—A. I think so, she has been on duty for four, this will be five seasons.

Q. Had you anything to do with the purchasing of this boat ?—A. Yes, sir, I did the purchasing. I was instructed to go to New York and examine her.

Q. By whom were you instructed ?—A. By the department, my instructions came through the Chief Engineer.

Q. That was Mr. who ?—A. Mr. Coste, I think, was the Chief Engineer then, however, I am not quite sure about that.

Q. Had you written instructions ?—A. Oh, yes.

Q. You have not those instructions here ?—A. No sir.

Q. What were your instructions ? To go and buy this particular boat, or to go and buy a boat ?—A. My instructions, as near as I can remember, were to go and examine this boat.

Q. To examine this boat ?—A. This boat, and if I found that she would be useful as a despatch boat and to do towing on the River St. Lawrence, to make them an offer, or in other words, to get her as cheaply as possible.

Q. You were to get her as cheaply as possible ?—A. Yes.

Q. And she was at New York ?—A. She was at New York.

Q. So that when you went to New York it was to purchase this particular boat, or to look her over ?—A. To look her over.

Q. Who had been down there previously to see her?—A. I do not know.

Q. Did Mr. Coste tell you that he had been down there?—A. No, sir, he did not tell me; remember, I am not very sure whether it was Mr. Coste or Mr. Lafleur instructed me to go.

Q. Cannot you recollect who it was gave you instructions, whether it was Mr. Coste or Mr. Lafleur?—A. I cannot.

Q. Did you have any conversation with Mr. Coste about the purchase of this boat, or were your instructions received by letter?—A. It was by letter, and it was this way : that I was to proceed to New York and examine the *Speedy* with a view to purchasing her and to see whether she would be suitable for a despatch boat, and for examining the dredges and doing towing work on the St. Lawrence.

Q. That she was a boat to do towing?—A. Yes.

Q. When you say a despatch boat what do you mean by that?—A. It is a boat that we have been in the habit of using since I have been in the department, while I have had charge of the ship channel on the lower St. Lawrence, I have always had a boat at my disposal.

Q. What class of boat had you prior to this?—A. A boat smaller than the *Speedy*, a sort of tow boat.

Q. What was her name?—A. Well, I had the *Lord Stanley* one year, and for several years before that I had a boat called the *Frontenac*, a boat built on purpose.

Q. Cannot you fix it at all whether it was Mr. Coste or Mr. Lafleur gave you instructions in this matter?—A. Before we go any farther I want to say that I only received my subpoena about an hour and a half ago, and there is a lot of information wanted here that I cannot give you because I have not got it here. For instance, you ask for the log-book of the *Speedy* which is on board of the *Speedy*. She is laid up at Lévis, Que.

Q. Well, take a note and send to them. You will have to come back another day. What did the *Speedy* cost?

The CHAIRMAN.—The purchase of the boat happened some years ago, we have nothing to do with that, Mr. Bennett, it is not included in the item before us.

WITNESS.—I can give you the purchase price.

By Mr. Bennett :

Q. What was the purchase price?—A. \$35,000 was the purchase price.

Q. I see the item is \$36,750.—A. The amount you find there, that one thousand and something was possibly in connection with a broker's fee, but \$35,000 was the price to the owners.

Q. Who were those brokers that had this fee of \$1,750?—A. Gardner and Cox, their office was at 1 Broadway at that time.

Q. We will come down now to the work the *Speedy* did. That was the summer of 1904?—A. 1904 or 05, yes.

Q. Well, we will come down to 1905, what work was done in 1905 with her?—A. Well, I cannot very well give you as far back as that, but the work all along has been towing the coal barges and running from one dredge to another.

Q. She has never been engaged in any kind of work outside of towing the coal barges?—A. Well, we have often made trips of inspection with the officials on board. For instance, I do not know whether it was in 1905 or 1906, when we went all through the upper lakes with the Hon. Mr. Hyman, stopping at the Georgian Bay and doing business at all the places we stopped at.

Q. Now we will go back to the year ending the 30th June, 1906; now, remember, she came here in the summer of 1904.—A. Yes.

Q. Now, in the summer of 1905, the accounts for that summer appear in the Auditor General's report for the year ending 30th June, 1906?—A. Yes.

Q. Now, in all that time, from 1905 to 1906, under whose supervision was this yacht?—A. She has been under my supervision since the fall she was purchased.

Q. Now, coming to the account at V—290 of the Auditor General's report for



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the year ending 30th June, 1906, I see on page 292-V, if you will turn that up, there is a lot of work done by the Polson Iron Works Company, and I may tell you, if my addition is right, that it aggregates about \$22,475. Can you tell me how that work came to be done?—A. Yes, I can explain that.

Q. All right give us the explanation.—A. To begin with her boilers gave out.

Q. Her boilers gave out?—A. Yes, or rather in the fall of the following year after she was purchased the boilers were not considered to be safe, she had five boilers.

Q. When you say the fall of the year was that the fall of the year she was purchased?—A. No, sir, the next year.

*By Mr. Reid (Grenville):*

Q. The boilers were not considered safe?—A. Were not considered safe.

*By Mr. Bennett:*

Q. You have not the register of the boat here?—A. No sir.

Q. When was she reported to have been built?—A. She was in the neighbourhood—well she was built in England.

Q. I did not ask where she was built, but from your recollection of the register what was her age—about?—A. About twelve years, I should say.

Q. That is twelve years old at the time she was bought?—A. No, twelve years now.

Q. This account aggregates about \$22,500, in round figures, under what circumstances was this work all done by the Polson Iron Works?—A. I do not understand.

Q. If you will turn to page V—292 of the Auditor General's report for 1906, which you have before you, the first item there is \$3,000 for 'installing a new electric plant in steamer as per tender?'—A. Yes, I have it—that is the new electric light.

Q. Did you order that to be done?—A. Yes sir.

Q. How many tenders were invited for that work?—A. The tenderers were in Toronto, I do not remember the names, but there were several.

Q. Was there a public advertisement for those tenders?—A. No sir.

Q. Will you say that any person else besides the Polson Iron Works was invited to tender on that?—A. There was someone else but I do not remember the name. We never did anything like that without at the very least having one competitor.

Q. The next item is 'removing former deck and making opening to remove old boilers, and closing same up and putting in new decking, new scuppers, and lengthening galley, \$3,500.' Was that done by tender?—A. Well there was no competition.

Q. There was no competition?—A. No, no competition in that.

Q. The next item is, 're-arranging deck cabin, as per plan, adding new bathroom, &c., fitting up smoking room, all new upholstering, &c., \$2,780', was there any competition?—A. No competition.

Q. 'New wheel-house and chart room with bridge, finished inside with mahogany, teak outside, rooms all upholstered with first-class covering, &c., \$3,300', was there any competition?—A. No competition, sir.

Q. 'Below main deck, forward, new bathroom, closet and stateroom, aft, large linen closet and storeroom changed into stateroom, bunk built, &c., fixing dining room windows, electric light fixtures replaced by new, painting and polishing dining room, &c., also complete new steam heating plant, \$4,250'. Was there any competition in that?—A. No competition, sir.

Q. No competition, wide open, I see. 'Removing old plumbing, putting in closet, bath tub, linen hamper and sundry repairing: labour, \$921.70; Richmond closet, \$245.42; enam. bath, \$75; enam. wash basin, &c., \$55; lining refrigerator, lamp room, &c., with galv. iron, \$35; paint, &c., \$35; painting and varnishing, \$20; hardware, \$12.50—\$1,499.62—any competition?—A. There was no competition for any of this work.

Q. Then all these items aggregating—you can check the addition afterwards, \$22,500, were given to the Polson Iron Works Company without competition except as to the first item of \$3,000?—A. That is about it. This whole work of putting in

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the new boilers, and all the rest outside of the electric light was such that we could not very well take tenders for it. It was mostly removing old work, removing the deck and taking out the old boilers and putting the new in and such work as that, and everything had to be dismantled.

Q. I see there is an item above here, 'John Kay & Son, mahogany table, \$100; dining room chairs, 11 at \$12; arm chair, \$16; total, \$248.' How did they come to be purchased for this towing boat?—A. I can explain that very easily. Her former outfit was of the very finest, that is when she was purchased. On the way from New York to St. John, in crossing, we encountered rather a serious gale and the piano that was on board of her at the time broke loose, and before it was detected it had smashed the table into atoms and every chair in the room. Strange to say, however, it didn't hurt the piano in the least.

Q. Who directed you as to purchasing this mahogany furniture?—A. Oh, I would have a letter from the department to that effect, possibly from the chief engineer.

Q. You think a letter came from the chief engineer—well, I may say on reference to the Auditor General's report it would appear that Mr. Hyman directed that?—A. I think you are correct, I think instructions did come from Mr. Hyman.

Q. Did Mr. Hyman direct you as to how this vessel should be fitted up? As to the polishing of the dining room, and the mahogany furniture and all that sort of thing, the re-arrangement of the cabin?—A. It was understood that she was to be fitted out as she was before, as much as the old material would allow.

Q. And he made a floating palace?—A. She was rather a nice boat.

Q. I have no doubt about that, the country paid for it. Tell me, how was the boat furnished and finished which was supplied you by the department prior to this boat coming in?—A. The boat prior to this one was the Lord Stanley.

Q. Was she fitted with a piano?—A. No, sir.

Q. Was she fitted with mahogany chairs?—A. No sir.

Q. Did she have a mahogany dining table at \$100?—A. No sir.

Q. Or did she have mahogany finished staterooms?—A. No, sir, she was practically a tow boat and nothing else.

Q. So that in this year, if you will add up the items, you will find this boat cost \$32,755.77?—A. That is about the cost.

Q. And in the prior year, inclusive of the cost of the vessel, she cost \$67,652? A. There must be some mistake, because apart from the cost of bringing the vessel around and she did some work here after bringing her around there was no expensive work done that year. It was the following year that the Polson contract was given.

Q. Let me call your attention to the fact that in the year previous to that you paid \$17,550 for the boiler; when was that put in, in the year of 1905?—A. In 1905.

Q. Then the department must have paid the Polsons \$17,550 before the boiler was put in?—A. That is just possible.

*By Mr. Pardee:*

Q. Are you able to speak with any degree of certainty about these matters?—A. No sir.

Q. Do you want further time to look them up—how long is it since you got your subpoenae?—A. I only got it about twenty minutes to ten this morning.

Q. And so you cannot be sure about your recollection regarding these matters?—A. No, I am speaking from memory entirely.

Mr. PARDEE.—I submit that this witness at least ought to have a chance to look into matters regarding which he is to be examined. He is making statements here now that some money was paid to the Polson Company, and as he says he has not had an opportunity of looking into the matter, and cannot speak definitely from memory, I do not think he should be asked to put himself upon record until he has at least had a chance to go over the documents.

Mr. BENNETT.—It is all in the report.

Mr. PARDEE.—That is all right, but he ought to have a chance to look up the

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items in regard to which he is to be examined, and then he can come here and be examined.

THE CHAIRMAN.—If you do not know, and are unable to answer the questions from memory, witness, you had better say so.—A. I undertook to answer as well as as I could from memory. I know these expenditures were made in connection with the vessel, but it is a matter of dates. Now these boilers may have been paid for before they were put in, and not the boilers alone, but there were two new Scotch boilers and I think they were built some time before they were put in.

*By Mr. Pardee:*

Q. You are saying this now, all subject to correction?—A. Yes.

*By Mr. Macpherson:*

Q. That would be right enough, if they were bought by the department?—A. They were built for the department and they were being paid for in the usual way where the work was done by contract, under progress estimates as the work progressed.

*By Mr. Bennett:*

Q. In the course of your dealings with the Polson Company who was the gentleman you met there in connection with it, was it Mr. J. D. Miller?—A. No, I do not think he had anything to do with the work, it was Mr. Polson himself.

Q. Now we will come down to the accounts of last year, now on the vessel that the government had prior to this one were the officers all equipped with uniforms?—A. Oh yes.

Q. They were all equipped with uniforms?—A. This vessel, the *Stanley*, did not belong to the department, she was chartered I think from the Department of Marine and Fisheries for one season, that is the season that Mr. Tarte took his western tour, it was on board the *Stanley* he went.

Q. The Department of Public Works never had the ownership of a vessel similar to this?—A. The *Frontenac* was a vessel similar to this, but a little smaller.

Q. Were the officers on the *Frontenac*, and the men employed on her, equipped with official clothing?—A. To the best of my memory they had official clothing.

Q. What was the size of this boat the *Frontenac*?—A. She was a boat about a hundred feet long.

Q. Was she capable of towing?—A. Oh yes.

What did she tow?—A. She towed dredges—she was not considered a sea boat, but a river boat.

Q. When you got this boat in the summer of 1905 I see that there was an equipment got as follows: 'Crown Tailoring Co., Ltd.: Officers' suits, 8 at \$22; suits for crew, 7 at \$17.50; for stewardess, \$25; caps, 8 at \$3; 7 at \$1.50; sundry, 36.70—\$384.70.' Who directed you to procure these things?—A. Directions from the department.

Q. Do you know whether these directions were given to you in writing?—A. I would not like to say whether they were in writing or verbal, but I think very likely they were in writing. I generally make a statement of the approximate cost of what these things are and I get the Chief Engineer or the Deputy Minister to initial it and this goes to the Auditor General, otherwise the accounts won't pass. There is quite sure to be an order from somewhere.

Q. The stewardess seems to have been elaborately dressed, there is a \$25 outfit for her?—A. Yes, they cost more than the men.

Q. Now, let us come down to the summer of 1905, were you on this vessel all the time?—A. I have been on her all the time and if there is anything wrong I'll take the blame.

Q. Tell us what work she was engaged in during the summer of 1905?—A. Towing dredges. She does not even tow dredges in the Lower Provinces, but comes into Ontario and Quebec, and when there is any long towing to be done it is done by the *Speedy*.



Q. In the summer of 1905 she was on the Upper Lakes, towing dredges then?—  
A. I could not say.

Q. Have the department a government dredge on the Upper Lakes at all?—A. Yes, they have a fleet of dredges on the Upper Lakes.

Q. Have they any on Lake Huron?—A. I don't think they have on Lake Huron, but they have on the Georgian Bay and they have on Lake Erie.

Q. Excuse me, I don't think you are right about the Georgian Bay, what dredges have they there?—A. I would not like to say they were there last summer, but we have been doing dredging at Thornbury, Meaford, Collingwood, and we have been dredging at other places.

Q. But they were private owned dredges?—A. A government dredge, the dredge *Challenger*, worked for years at Collingwood.

Q. She was on the Upper Lakes dredging in 1905?—A. If she went on the Upper Lakes it was to tow dredges from one place to another.

Q. In the summer of 1905 was she on the Upper Lakes towing dredges?—A. I could not say.

Q. Was she in the summer of 1906 towing dredges?—A. I think in 1906—my memory is not quite clear.

Q. In that summer was she not employed down below towing government dredges?  
A. Her principal work was down below towing barges and dredges.

Q. You would tow barges?—A. Coal barges.

Q. From where to where?—A. From Quebec to Saguenay to Rimouski and down the north shore.

Q. Those dredges you say were loaded with coal?—A. The barges.

Q. That is the barges?—A. Yes.

Q. In the summer of 1907 what was she occupied at, last summer, 1907?—A. 1907 was the greatest summer's work she has ever done.

Q. Tell us what she was doing and we will be the judges whether it was great work or not.—A. She towed the dredge *Northumberland* from Toronto to Quebec.

Q. How long did that take her?—A. I suppose probably a couple of weeks that is in the canal and getting through Lake Ontario.

Q. From where to where?—A. From Toronto to Quebec.

Q. What was the next undertaking?—A. Then she towed all the dredge's pontoons from Toronto to Quebec, that I think would take a couple of weeks, and the cost would probably be about \$10,000 to remove that plant from Toronto to Quebec.

*By Mr. Reid (Grenville) :*

Q. Not for running the steamer alone?—A. No, I mean a contractor would ask that amount for doing that work.

Q. You just said \$10,000, that is not for running the *Speedy*?—A. No, that would be the cost of handling that plant supposing we hired a boat to do it.

*By Mr. Bennett :*

Q. You were engaged towing down this dredge and how many scows?—A. These were pontoons.

Q. You mean mud scows?—A. No, these were pontoons, for carrying material; this is a hydraulic dredge we are talking about.

Q. How many pontoons were there?—A. I think there were forty pontoons altogether.

*By Mr. Reid (Grenville) :*

Q. I would just like to get this \$10,000 understood. You said it would cost \$10,000 for what?—A. To tow the dredge and pontoons from Toronto to Quebec.

Q. Did the *Speedy* tow the dredge alone?—A. Well all except down the north shore of Lake Ontario.

Q. And it took her two weeks, that is 14 days?—A. Pretty nearly, it may be two weeks getting her down.

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Q. Or fourteen days ?—A. Yes.

Q. And with regard to the pontoons, she towed them alone?—A. Alone.

Q. How long would it take her to do that?—A.—To tow the pontoons? Possibly it would take a couple of weeks to do that.

Q. Is she a better tug than say one of the Montreal transportation tugs ?—A. I do not think she is.

Q. Are you aware what they charge for those tugs ?—A. \$10 per hour.

Q. Is that 24 hours or is it \$100 per day ?—A. \$10 per hour for 24 hours.

Q. That would be \$240 a day for one of those tugs. Do you mean to say that is the cheapest you can get one of those tugs for ?—A. Yes, a tug that would do that class of work, and there is the insurance of the plant as well.

*By Mr. Bennett :*

Q. We are talking about the insurance ?—A. Oh well——

*By Mr. Reid (Grenville) :*

Q. One of those tugs would do it as well as the *Speedy* ?—A. One of the Transportation Company's tugs would do it I think as well as the *Speedy*.

Q. Aren't they stronger and wouldn't they do it quicker ?—A. Yes, they have stronger tugs, but I do not think they would tow it quicker. There would be a number of tows in the pontoon, they could only take about one third of them on.

Q. But even at that, at \$240 a day for 14 days it would not come to more than half of that.

*By Mr. Bennett :*

Q. You are figuring that this boat is worth pretty nearly \$400 a day, that would make \$11,200 ?—A. At \$400 a day.

Q. That would make \$11,200 in round figures ?—A. There is some mistake about that.

Q. There is no mistake, take a pencil and multiply 28 by \$400 ?—A. When a boat takes that length of time, mind you, it is possible she is not towing one-half of that time. In bringing the pontoons down from Toronto we had to harbour them on the way down and during that time we were in harbour they could not collect \$10 per hour; but the price for that class of work, I have some knowledge of what the charges are, and I think the price to bring that plant down from Toronto to Quebec was in the neighborhood of \$10,000.

*By Mr. Reid (Grenville) :*

Q. Did you have any other tugs assisting you on this at all?—A. I had one of the little harbour tugs.

Q. You did not need any of the large tugs ?—A. No sir.

*By Mr. Bennett :*

Q. Is this what you call a powerful tug ?—A. It is a rather powerful tug.

Q. Did you ever have to let go anything when towing ?—A. No sir.

Q. Have you ever had to have government vessels come to her help, from the Marine Department ?—A. Not to assist her, we have had help from the Marine Department.

Q. For what purpose ?—A. Towing.

Q. What had she behind her?—A. Oh, we got the *Lady Grey* to tow the *Northumberland* from Quebec to Lunenburg.

Q. Was the *Speedy* on the tow too ?—A. No, sir, she was alone on it.

Q. You did not think she was capable of taking the *Northumberland* to Lunenburg ?—A. The *Speedy* ?

Q. Yes.—A. No sir.

Q. You did not think she was capable of doing it ?—A. No sir.

*By Mr. Macdonald :*

Q. That is from Quebec down ?—A. Yes.

Q. This is quite a different proposition going down the gulf and out into the Atlantic to what it was between Toronto and Quebec?—A. Yes, sir, the *Speedy* is considered to be a river tug and nothing else.

By Mr. Bennett:

Q. Outside the towing of this dredge and pontoons what else did she do that year?—A. Then she falls back on her work.

Q. What was her work?—A. Looking after the dredges, looking after their work, that is my principal work during the summer time; examining the dredges, attending to all their requirements, and in case of breakdowns getting relief to them as soon as possible.

Q. Where would she be running from, about what locality?—A. Oh, I was running between Quebec, Chicoutimi, Rimouski and other places down there.

Q. Down the river—

By Mr. Pardee:

Q. Generally down about the places you have named, I suppose, and in that locality?—A. Generally about there.

By Mr. Bennett:

Q. Can you tell me of any more towing she did in that summer at all outside that one case?—A. I think in 1906 she towed two barges from Toronto to Souris, there is a port of that name I think in the southwest of Prince Edward Island. Well, she towed them from Toronto around there.

Q. What were they? Two barges?—A. Two hopper barges.

Q. Two mud scows?—A. Yes, you can call them mud scows.

Q. How long were you on that trip?—A. From Toronto, about three weeks on that trip.

Q. That was on the round trip?—A. That was on the round trip. I think we had two or three prices for that work, it is not every tug can do that. There are lots of tugs who take it in hand to go down the Lower St. Lawrence, but when a gale of wind comes on Mr. Tug protects himself by letting go the tow and there you are.

Q. This vessel is such a wonderful powerful tug that she doesn't let go?—A. She is never put in such a position that she has to let go.

Q. I see. Now then we will take them as we go along from year to year. At page V—226 of the Auditor General's Report for the fiscal period ended 31st March, 1907, I see an item, 'Radnor water, \$43', does the crew on the *Speedy* live on Radnor water?—A. Sometimes, sir. The *Speedy* being a small boat and there being so much boiler heating surface about her, the tanks get in such a state the men are unable to drink the water and we have had a great deal of sickness on board of her on that account. So that we were obliged to give the men table-water to drink.

Q. Well, coming to last summer, 1907, what did she do last year?

By Mr. Roche (Halifax):

Q. Before you leave this point I want to ask, is it customary for the crews on these river-boats to get sick when they get on salt water?—A. Oh yes, they generally all get sick.

By Mr. Bennett:

Q. Now we will come to 1907, what did she do in the summer of 1907? That is only last year so that you will remember that quite well?—A. Yes, well I had the *Northumberland* in 1906, I think now it is—

Q. Tell us what you did in 1907, last summer?—A. Well, I rather think the *Northumberland* went down last summer. I think the better way would be to get the log book here and then we will get it correct.

Q. You can remember what you were doing last summer?—A. I think the *Northumberland* went down last summer.



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Q. From where?—A. From Toronto.

Q. The *Northumberland* went down the Straits last summer?—A. What was the *Speedy* engaged at?—A. In towing her whole plant from Toronto.

THE CHAIRMAN.—You are getting beyond the reference now, Mr. Bennett, are you not, the accounts for last summer are not before us.

By Mr. Bennett:

Q. You were speaking about the boat going through the Upper Lakes, when was that?—A. We made some tours from Hamilton and Kingston in 1906. I get confused in the dates and it would be much better if you had the log here.

Q. I see from the 30th June, 1906, to the 31st March, 1907, this vessel cost \$16,346.47?—A. Yes.

Q. That is what the additions will show?—A. Yes, well that would be for—

THE CHAIRMAN.—The Auditor General's Report shows what it is for.

By Mr. Bennett:

Q. Can you tell us whether it was in the summer of 1906 you went on this trip to the Upper Lakes?—A. The trip with Mr. Hyman?

Q. Who accompanied the minister on that trip?—A. I did, sir.

Q. There was simply a crew, yourself and Mr. Hyman?—A. Simply the crew,

Q. Did you call in at different ports as you went along?—A. Yes. myself, Mr. Hyman and in the Georgian Bay, a pilot.

Q. A pilot?—A. In the Georgian Bay, and a pilot I think from Port Arthur to Duluth, as I had not been there for a number of years.

Q. These were the whole party?—A. Oh, I wouldn't like to say that.

Q. I want you to say who was there, that is what I asked you.—A. I can't say, that is none of my business who was on board the boat; Mr. Hyman had friends on board.

Q. You must certainly know how many there were?—A. I do not remember how many there were nor who they were.

Q. They were so numerous, were they?—A. They could not be very numerous because the *Speedy* has only a limited amount of accommodation.

Q. Were these guests partaking of the ordinary bill of fare?—A. The minister got the same as the rest.

Q. He got the Radnor water. I suppose, as well as other things?—A. Oh yes—I rather think that the minister sent over all his own wine, including possibly Radnor water.

Q. If you hadn't told us we wouldn't have known that there was anything to drink on board outside the Radnor water; but as to the grocery supplies and all that sort of thing, that was provided by the public?—A. I think so.

Q. How long did this trip last?—A. I suppose this trip lasted, including all stops, two or three weeks. However, the log book would give exactly the time it lasted.

Q. Did you have any stops as you went along through the lakes?—A. We stopped at a great many places.

A. And I suppose at some places you made greater stops than at others. For instance at Port Arthur and Fort William you were two or three days?—A. Probably three or four days, the minister had a good deal of work to do there; up the Kaministiquia river, examining the work going on there, and the work to be done building piers, and there were a great many other things. I think probably we were there three or four days.

Q. And the guests were along all the time?—A. No sir, not all the time.

Q. Were they there at Port Arthur and Fort William?—A. Some of them were there.

Q. Did you add to the number of guests there?—A. No.

Q. Did you have any excursion parties there at Fort William or Port Arthur?—

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A. I do not think you could call them excursion parties, we have gone from Port Arthur to the Kaministiquia on business.

Q. And there was no addition to the number of guests or moonlight excursions or that sort of thing?—A. No sir, going to the Kaministiquia or around these works no doubt there were additions, but the trip was a very short one, the Kaministiquia is a short distance from Port Arthur.

Q. Well now, compared with the *Frontenac* vessel, what difference is there in the service performed for the country by the *Speedy* and that formerly performed by the *Frontenac*?—A. Quite a great deal of difference.

Q. Tell us what it is—the *Frontenac* was not fitted for such parties, like those you have described?—A. Not so elaborately fitted, but she was fitted for a certain amount of parties. That has existed since the beginning of my career, that we always have less or more of it, we have the engineers and the ministers examining the work of the dredges and all that kind of thing.

Q. When Mr. Hyman was not using her, and when she was not towing, was she used by the officers of the department? Did you ever know the engineers or anybody connected with the department or other persons, friends of the government, to have her out on trips?—A. Oh yes, the engineers and the deputy minister have often had her when examining works.

Q. Did they take their families with them when they went?—A. I do not know about their families.

Q. What?—A. I do not know.

Q. You were on the boat, you would see?—A. They very often have some of their friends with them, very often.

Q. They often have some of their friends with them, to what extent does this 'junketing,' if we may call it that, go on?—A. To what extent?

Q. Do they take their gentlemen friends or their lady friends?—A. Sometimes both.

Q. And all the time the country is paying the 'piper'?—A. I should say so.

Q. Have you any idea what the expenses have run to this year? From the time this boat started she has cost the country about \$120,000?—A. She is an expensive boat, she carries two crews, and runs night and day when needed.

Q. This boat is so equipped as to men that you have a double crew on her, a night crew and a day crew?—A. Night and day crews. The *Frontenac*, the boat we had previously, we only used as a day boat.

Q. What necessity is there for this boat running night and day?—A. When we get on the upper lakes or down in the Lower St. Lawrence we can't make a port in daytime sometimes.

Q. In looking at the pay list here I see you have an engineer?—A. Three engineers.

Q. You have three engineers?—A. Yes, three engineers, one of them is called an engineer, but is practically an oiler, he takes his watch.

Q. You have an engineer at \$90? Another at \$60, and a third one at \$30.67?—A. I think there is some mistake about that. The first engineer is \$90, the second one in the neighborhood of \$60 or \$65.

Q. Yes, part of the time he was increased to \$65?—A. Yes.

Q. And the third engineer, Doran, started at \$30.67 and was increased afterwards to \$50?—A. At \$50, yes.

Q. The department thinks it is necessary to keep three engineers on that yacht at \$90, \$65 and \$50 a month?—A. I think so.

By Mr. Pardee :

Q. But the third engineer is an oiler?—A. He is an oiler, but he takes his watch when running night and day.

By Mr. Bennett :

Q. On an average how many days in the week would this boat be out over night?

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—A. Some weeks she would not be out at all. But she is running about one-half her time at night, I should say that would be a fair average, to make her running about half time.

Q. Outside of this one trip to the head of the lake at Port Arthur was she, for the rest of the time, down the St. Lawrence River?—A. Yes.

Q. And in order to do the work down the St. Lawrence River she was equipped by the department with three engineers?—A. With three engineers and three firemen.

Q. What is the total crew of this vessel?—A. The total crew is about sixteen, I think. There are 3 engineers, 3 firemen, 3 deck hands, the first mate, the second mate, the steward, cook, assistant cook, the maid and myself.

THE CHAIRMAN.—That makes sixteen.

*By Mr. Pardee:*

Q. Is there a watchman?—A. No, sir, that is the crew.

*By Mr. Bennett:*

Q. When the government owned this *Frontenac*, how many engineers did she have, do you remember?—A. Two engineers.

Q. And we can make a comparison between the cost of her and the cost of the *Speedy* by hunting up the expenditure?—A. Yes.

Q. I want to get down to the question as to who bought this yacht, was it Mr. Coste—did you find when you went down to New York that she was already bought? A. No, sir.

Q. Did you not get a letter of introduction from Mr. Coste?—A. I think I must have had a letter of introduction to someone.

*By Mr. Reid (Grenville):*

Q. You did get a letter from someone?—A. I did get a letter from someone.

Q. To whom was the letter of introduction?—A. To Gardner and Cox.

Q. At No. 1 Broadway?—A. Yes.

*By Mr. Bennett:*

Q. Did you discuss with these people the question of the \$1,750 commission?—A. No sir.

Q. Did you have any conversation with them about it—

THE CHAIRMAN.—Are you not getting outside the reference.

MR. BENNETT.—It is better to have it here than in the House.

THE CHAIRMAN.—All I am concerned with is whether it is within the accounts we are investigating. I understand it was paid several years ago.

MR. BENNETT.—You will save time if we bring it out now, if we do not get it out here it will all come out in the House.

THE CHAIRMAN.—It is not a matter of saving time, it is a question of going outside the reference to this committee.

*By Mr. Bennett:*

Q. However, it was Mr. Coste that had been doing the dealings before that?—A. I am not certain about that. It would be either Mr. Coste or Mr. Lafleur; I think it would be Mr. Coste but I am not very sure about that.

Q. Now what was the comparative cost of the boat during the past season as compared with other seasons, do you suppose?—A. I think that the cost this last season would be considerably more, because she has done more work, she has burned more coal and she had to have more crew.

Q. More crew?—A. More crew. You know there are charges to this boat that are accounted for in various ways, for instance, when we were bringing down the pontoons, we had to carry an extra crew to take care of the pontoons in towing. And all that is charged to the *Speedy*.

Q. When it comes down to ordering these supplies for the yacht who does the



ordering?—A. I generally do the principal ordering such as coal and that kind of thing. We get a list of where the patronage is to go and we simply go there. If when we go there they charge more than we can get it for elsewhere we get it at the cheaper place.

Q. I have just picked out at random here at Pictou, Nova Scotia, Meagher & Doherty, 4 dozen oranges, \$2.40; box of pears, \$4; basket of plums, \$1.80; dozen cans French peas, \$2.25; 30 pounds of chicken, 18 cents per pound. Are these fair samples of the expenditure for this yacht?—A. We live very well on the *Speedy*.

Q. And this is a fair sample of the expenditure?—A. Yes.

Q. Tell me, when the minister and his friends come aboard, how is the living then? Does it go down any?—A. No sir, it rather goes up if anything.

Q. I will give you another account of Michie & Co., Toronto. On August 7, 1906: 2 pairs spring chickens, \$3; half crate peaches, \$1.25; case of Radnor, \$8;?—A. Yes, they charge about that rate, \$8 a case.

Q. And the items I quote here are fair samples of the way this government's yacht is kept up for the men?—A. Yes, sir.

*By Mr. Marshall:*

Q. I would like to ask the captain what time of the year he bought those chickens at 18 cents a pound?

Mr. BENNETT.—August 7, 1906, is the date of the invoice.

Mr. MARSHALL.—The reason I ask the question is that it seems so ridiculous a price to pay.

*By Mr. Marshall:*

Q. I would like to ask the captain whether, in buying the chickens, he buys them drawn and dressed?—A. I do not know.

Q. I can tell the committee that the standard price of chickens, drawn and dressed, in any way I mentioned just now is 8 to 10 cents per pound, that is what we pay?—A. I will tell you, I will explain how the prices increase. If you are dressed in the *Speedy's* outfit, with brass buttons on, and go into the store to buy chickens, invariably they charge you just about double what the chickens are worth.

*By Mr. Reid (Grenville):*

Q. As long as they know you are a government official they will do that?—A. Yes, no matter who they are, if you have brass buttons, or if they see that you are from the *Speedy* or any government boat you cannot purchase as cheaply as other people can.

Q. You have always orders to go to some particular place and buy there?—A. We have the patronage list, but sometimes when they get on the patronage list, I do not say everybody does it, but any unreasonable party will do that—when they are put on the patronage list they think you have to buy from them and up goes the price.

Q. And they charge you just about twice as much as the ordinary person?—A. And in some places I am obliged to leave the patronage list and go elsewhere, you can't get out of it.

*By Hon. Mr. Foster:*

Q. That is the general rule?—A. That is the general rule.

*By Mr. Pardee:*

Q. Is that always the rule?—A. Some places are worse than others.

*By Mr. Macpherson:*

Q. How long have you been on a government boat?—A. On the *Speedy*?

Q. On a government boat?—A. Since 1874.

Q. Has that always been your experience?—A. That has been my experience all the time.

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Q. I am asking you; you say when you go into a place now, up goes the price. When you went into a place years ago was it the same thing, or did they lower the price?—A. No, the price always goes up.

*By the Chairman:*

Q. They did not do that in Mackenzie's time, did they?—A. I think they did, so long as they know it is a government boat or that the government pays for it up goes the price.

*By Mr. Bennett:*

Q. Are you in the city all the time now?—A. Yes, I have been here all the winter and I will be here for some time longer.

Q. We will have to ask you to hunt up the register of the vessel?—A. I will get that, sir.

Q. And the log book?—A. And the log book as well.

Q. And you think if last year it cost \$16,600 to run the boat, that is for the season of 1906, it won't be any less for this last summer?—A. I think not for running the boat, if anything it will be a little more.

Q. So that we will have a grand total cost for this 'house of mirth' of \$120,000, since it came into possession of the country?—A. You must allow that she has done a considerable amount of work.

*By Mr. Pardee:*

Q. How long is this boat?—A. 125 feet over all.

Q. What is her tonnage?—A. Somewhere about between 70 and 80—registered tonnage.

Q. What is her gross tonnage?—A. I will bring the register up and let you know.

Q. What is her engine horse power?—A. Well in the last—

*By Mr. Reid (Grenville):*

Q. Hadn't you better wait until you have the log here?—A. Her power would be in the log book.

*By Mr. Pardee:*

Q. But it is in the register?—A. In the register, yes. Her power, the last cards taken off her showed that each engine developed 250 horse power.

*By Mr. Reid (Grenville):*

Q. That would be 500 horse power when they are both working?—A. Yes, sir.

*By Mr. Pardee:*

Q. Is she a steel boat?—A. A steel boat and carries Lloyd's certificate Class A. 1.

*By Mr. Reid (Grenville):*

Q. When you purchased this steamer you say you had an official letter to Gardner & Cox, No. 1 Broadway?—A. Yes, sir.

Q. To introduce you?—A. To introduce me, yes.

Q. You had instructions to buy this boat as cheaply as possible?—A. No sir, I had instructions to see, to get the very lowest price, their very lowest price.

Q. You were to get their very lowest price?—A. Yes sir.

Q. You didn't close the bargain?—A. No, sir, the instructions came from Ottawa to close the bargain.

Q. You got the price from them?—A. I got the price from them.

Q. And that was \$35,000?—A. They came down to \$35,000, but the owners asked in the neighborhood of \$65,000.

Q. But it was \$35,000 they offered you?—A. That is what we got the boat for, they did not offer us that. I offered them at first \$25,000, and the owner took the

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next train with a pair of revolvers to meet me for offering such a price for the boat.

Q. Did you inspect her when you got their offer of \$35,000?—A. I had inspected her before that.

Q. In what condition did you find her?—A. In first class condition, she had just been docked and classed again by Lloyds.

Q. Did you have anyone else assisting in your inspection of her?—A. I had Lloyd's inspector.

Q. Who was he?—A. He was a practical man.

Q. Was he the inspector of hulls?—A. The inspector of hulls and engines, both of them.

Q. And did their inspection include the boilers?—A. The engines and boilers, the engine includes the boilers.

Q. Did you find the boilers in good shape then?—A. Well, the boilers were in fine shape, they were pipe boilers.

Q. They had been in use for nine years? That is from the time she was built?—A. About.

Q. They had been in use from the time she was built, and as I understand that would be about nine years, you say she is twelve years old now?—A. Yes, about that.

Q. Did you take into consideration when you offered \$35,000 or got their offer, that there would have to be new boilers?—A. Yes sir.

Q. You considered you would have to spend \$22,000 more on her for that purpose?—A. Yes sir.

Q. At that time?—A. Yes.

Q. Therefore, you considered the boat would cost about \$57,000?—A. She might have run for two or three years; of course she did not run as long as we expected, but we thought it prudent to have them renewed, I think it was the following year.

Q. You expected at that time, when you bought her, that you would have to put in new boilers?—A. Sooner or later.

Q. But no one anticipated that in the same year, right at once, practically, it would be necessary to replace them?—A. It is not the case in every steamer, the boilers in some cases wear out the hulls.

Q. How long did you expect it would be before you would have to renew the boilers?—A. Within two or three years.

Q. You expected you would have to put in new boilers within that time?—A. Yes.

Q. Did these men offer you any commission?—A. Unfortunately things didn't come my way.

Q. But you were sent down to look at this particular boat?—A. Oh yes.

Q. And you did not look at any other boat?—A. Oh no, that is not right. I was sent down and I looked at several boats, and amongst the lot I considered that this one, for the purposes both of running messages and doing towing work, was better adapted than any I found.

Q. But your instructions were to look at this boat in particular when you left here?—A. She was mentioned, but two or three others were mentioned. I do not remember the names of the others. I looked at the whole of them, and decided this was the best boat.

*By Mr. Pardee:*

Q. You considered that you got good value for \$35,000?—A. I thought so at the time.

Q. And you think so yet?—A. I think so, yes. I think that the boat as she stands now could not be duplicated for \$100,000 and that is tall speaking.

Q. You say that she is permanently repaired now?—A. Yes, but of course there is always something to do.

Q. She is an up-to-date boat to-day?—A. She is up-to-date.

Q. Who is the man that went with you to inspect this boat? You said that



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Lloyd's inspector went with you, do you know his name?—A. I do not remember his name now.

Q. Can you get his name?—A. I think so.

Q. Will you try and get that?—A. I know he was from Lloyds registry.

*By Mr. Macpherson :*

Q. You got Lloyd's certificate with her ?—A. Yes.

*By Mr. Reid (Grenville) :*

Q. Did you bring a report from Lloyds' inspector ?—A. We have a certificate up to that date.

Q. Did you report at the time that you came back that you had inspected these boilers and that you would have to put in new ones and make other repairs ?—A. I don't know. I don't think so.

Q. You simply reported that she was in good shape ?—A. That she was a cheap boat as she stood.

Q. You did not report that she would have to have new boilers and these repairs put on her within two years ?—A. No.

*By Mr. Pardee :*

Q. You discussed this boat, didn't you, after you got back ?—A. Yes, but I do not remember what amount of repairs was to be done, I don't think that was gone into. It was considered at the time that she was a cheap boat ?

*By Mr. Reid (Grenville) :*

Q. Did you make any official, written report about her?—A. No, sir, I don't think I did.

Q. You just reported verbally; to whom did you report ?—A. To the minister.

Q. And you told the minister she was a cheap boat ?—A. I think I told everyone she was a cheap boat ; however, I must have made a written report.

Q. Did Gardner and Cox tell you that any person had been down there about this boat, when you were viewing her ?—A. No sir.

Q. They did not mention the name of any official in the department ?—A. No sir.

Q. They did not tell you that Mr. Hyman had been down there seeing them ?—A. No sir.

Q. Or any other member of the department ?—A. They mentioned one man, but not in connection with our department.

Q. What was the name of that man?—A. He was a government employee, but he was there to purchase a yacht for a Brockville man who has died since.

*By the Chairman :*

Q. But not for the government ?—A. No.

*By Mr. Reid (Grenville) :*

Q. I suppose the Brockville man was Senator Fulford ?—A. Yes.

Q. What was the name of the man whom they mentioned ?—A. He carries on a wrecking business in Kingston. I can't recall the name.

Q. Probably it was Captain Donnelly ?—A. Yes, that is the man, he went there and purchased a yacht.

*By Mr. Bennett :*

Q. Did I understand you to say that you considered this vessel is worth \$100,000 ?—A. I consider she is worth that to-day.

Q. And that in the open market she would sell for that ?—A. No, sir, I do not say that.

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Q. Why do you place her now as worth \$100,000 when she has only stood the ordinary \$50,000 with repairs. Why should she be worth \$10,000 more than she has?—A. Well, sir, I consider that. Perhaps there have been more expenditures put on her than you know of.

*By Mr. Pardee :*

Q. She is good value for the money at that?—A. Yes.

*By Mr. Bennett :*

Q. That will explain it, if she has cost more than we know of?—A. Probably more. What I mean is that she cannot be replaced to-day, as she is, for less than \$100,000. I do not believe there is a builder in Canada to-day that could put her out for that.

*By Mr. Law :*

Q. Do I understand that the owners offered the boat at \$60,000?—A. I think it was \$60,000 that Mr. Conn, of Louisiana wanted for her.

Q. Did you have the assistance of Lloyds' inspector? Was it Lloyds' inspector or agent?—A. Lloyds' agents are inspectors.

Q. Not in all cases?—A. I do not know of any agents who are not inspectors.

Q. Lloyds' agents and inspectors are two different classes of individuals?—A. I don't think so.

Q. I beg pardon, there is an inspector and an agent. Did the inspector or the agent, whoever it was, consider that the boat would be good value at \$60,000?—A. I don't think he was asked that question.

Q. At the time you paid \$35,000 he considered she was cheap?—A. He did not know anything about the price we were paying.

*By Mr. Reid :*

Q. It was only your opinion?—A. That is my opinion.

*By Mr. Macpherson :*

Q. Lloyds' inspector would only give you a certificate as to her classification, her hull and her machinery?—A. Lloyds' inspector had to see that she was equal to the certificate he was going to issue.

*By Mr. Reid (Grenville) :*

Q. Lloyds', I understand, only give a certificate of her hull and machinery, and that she is in good condition?—A. No, she is classed 100 A. 1. and they had to keep her in that class or show the reason why.

Q. On the *Stanley* you have several rooms all fitted up there for the accommodation of people going on board?—A. Oh yes, that has been put on the *Stanley* but she doesn't belong to this department.

Q. Still she is a government boat?—A. Yes, she is a government boat.

*By Mr. Bennett :*

Q. You will bring the information we ask for at the next meeting?—A. I will get the log and any information I have I will be pleased to give.

Witness retired.

Committee adjourned.

















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